USE OF EMERGENCY ASSISTANCE FUNDS FOR ACQUISITION OF TEMPORARY AND PERMANENT HOUSING FOR HOMELESS FAMILIES

HEARING

BEFORE THE

SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION

OF THE

COMMITTEE ON WAYS AND MEANS HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

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USE OF EMERGENCY ASSISTANCE FUNDS FOR THE ACQUISITION OF TEMPORARY AND PERMANENT HOUSING FOR HOMELESS FAMILIES

DECEMBER 12, 1986

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON PUBLIC ASSISTANCE
AND UNEMPLOYMENT COMPENSATION,
Washington, DC.

The subcommittee met, pursuant to call, at 10 a.m., at 26 Federal Plaza, New York, NY, Hon. Harold Ford (chairman of the subcommittee) presiding.

[The press release announcing the hearing follows:]

FOR IMMEDIATE RELEASE
TUESDAY, NOVEMBER 25, 1986

PR #20
SUBCOMMITTEE ON PUBLIC ASSISTANCE
AND UNEMPLOYMENT COMPENSATION
COMMITTEE ON WAYS AND MEANS
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THE HONORABLE HAROLD FORD (D., TENN.), CHAIRMAN,
SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION,
COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES,
ANNOUNCES A HEARING ON LEGISLATION TO ALLOW THE USE OF
EMERGENCY ASSISTANCE FUNDS FOR THE ACQUISITION OF TEMPORARY AND
PERMANENT HOUSING FOR HOMELESS FAMILIES,
TO BE HELD IN NEW YORK CITY ON FRIDAY, DECEMBER 12, 1986

The Honorable Harold Ford (D., Tenn.), Chairman, Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means, U.S. House of Representatives, announced today a public hearing on H.R. 5080 (Mr. Schumer, Mr. Rangel, et al) and H.R. 4938 (Mr. Weiss, Mr. Rangel, Mr. Stark, et al), legislation to allow the use of emergency assistance funds for the acquisition of temporary and permanent housing for homeless families. The hearing will be held in New York City on Friday, December 12, 1986, beginning at 10:00 a.m. in room 305, General Services Administration Building, 26 Federal Plaza, New York, New York.

In announcing the hearing, Chairman Ford said, "The rise in the number of homeless families and the lack of permanent shelters for such families has resulted in emergency assistance funds being used to pay exorbitant rents for families in welfare hotels. This wasteful use of resources is the result of the failure of governments at all levels to develop a sound and humane housing policy. The purpose of the hearing will be to examine the reasons for the lack of housing for homeless families and the specific bills introduced by Congressmen Schumer and Weiss."

DETAILS FOR SUBMISSION OF REQUESTS TO BE HEARD

Individuals and organizations interested in presenting oral testimony before the Subcommittee must submit their requests to be heard by telephone to Harriett Lawler [(202) 225-3627] no later than close of business, Tuesday, December 9, 1986, to be followed by a formal written request to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. The Subcommittee staff will notify by telephone those scheduled to appear as soon as possible after the filing deadline. Any questions concerning a scheduled appearance should be directed to the Subcommittee [(202) 225-1025].

It is urged that persons and organizations having a common position make every effort to designate one spokesperson to represent them in order for the Subcommittee to hear as many points of view as possible. Time for oral presentations will be strictly limited with the understanding that a more detailed statement may be included in the printed record of the hearing (see formatting requirements enclosed). This process will afford more time for members to question witnesses. In addition, witnesses may be grouped as panelists with strict time limitations for each panelist.

WRITTEN STATEMENTS IN LIEU OF PERSONAL APPEARANCE

Persons wishing to submit a written statement for the printed record of the hearing should submit at least six (6) copies of their statements by the close of business, Friday, December 19, 1986, to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1100 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements for the record of the printed hearing wish to have their statements distributed to the press and interested public, they may deliver 75 additional copies for this purpose to room 305 General Services Administration Building, 26 Federal Plaza, New York, New York on the date of the hearing.

Chairman FORD. The Subcommittee on Public Assistance and Unemployment Compensation will come to order.

Those who are attending the hearing today will please have a seat. Those who are witnesses and will be testifying, please try to find a seat until such time that the staff can notify you that you will be testifying before the subcommittee.

The Subcommittee on Public Assistance and Unemployment Compensation is a subcommittee of the full Committee on Ways and Means. I am Harold Ford. I am chairman of the subcommittee. I am delighted to be here in the city of New York today. Today the subcommittee will take testimony on the alarming rise on the number of homeless families, and the housing of these families in the welfare hotels.

I am joined today by two of my very able colleagues in the House. Congressman Charles Schumer and Congressman Ted Weiss, who will be here just shortly. They are two of the strongest advocates in the Congress for Homeless citizens.

We are here to examine a situation that all commentators have criticized. That is, the payment of huge sums of money to house families in rundown hotels. How did we get to a point where the Federal, State, and city governments pay $3,000 a month to house a family in two rooms—housing that does not even have a kitchen, nor proper facilities for the family. How do we end this waste and provide decent shelter for homeless families. Those are the questions that we will be asking the witnesses who will be testifying before the subcommittee on Public Assistance today.

Unfortunately, time will not permit us to take oral testimony from all of the individuals who have requested to testify before this subcommittee today. All written testimony will be made a part of the record, however, and I can assure you it will be reviewed by the subcommittee members as well as the subcommittee staff. The interest of all who requested to testify is greatly appreciated by the subcommittee chairman as well as the other members of this subcommittee.

It is particularly unfortunate that we have had to turn witnesses away, yet the administration refused to send any witness to testify before this subcommittee today. Both the Department of Housing and Urban Development and the Department of Health and Human Services were invited to testify here in New York this morning. They both refused. HUD claimed that the Department of Health and Human Services had been given the lead in addressing the issue of homeless. Health and Human Services, the very agency that pays half the cost of the rent to the welfare hotels claimed that there was no appropriate witness who could come to New York to testify before this subcommittee today.

These outrageous claims were made just days after the President of the United States expressed his concern on national television about the issue and said that he was going to look into this situation. But yet, did not find it necessary to send one of his department representatives to testify before this subcommittee.

The administration's refusal to send a witness to this hearing is a disgrace. I hope someday to see the Reagan administration contribute in a positive way to alleviate the problem of the homeless-

ness. And I am sorry that it will not happen today, or start today before this Public Assistance Subcommittee.

Now, before I recognize my colleagues for opening remarks, I would remind all of the witnesses who are here today who will be testifying, that we are going to try to limit their remarks to 5 minutes. We will make sure that their entire statement will be made a part of the record. We would like to afford ample time for the chairperson, as well as the other two Members of Congress who will be joining us today on this subcommittee panel to raise questions. And also to give the witnesses an opportunity to respond to those questions.

Once again, I would like to personally invite at this time, a nonmember of the Public Assistance Subcommittee, one of my distinguished colleagues in the Congress, one who has been in the forefront on many issues, and this is one issue that we show complete respect to him, and as chairperson of this subcommittee I certainly look forward to working with him in the future if there is to be welfare reform legislation to take place in the Congress. Also, I know that there is legislation that has already been introduced in the Congress by Mr. Schumer as well as by Mr. Ted Weiss. And I am just happy to be here with you today, and I am delighted to have you join me here on the Public Assistance Subcommittee.

And at this time, the Chair will recognize you, Congressman Schumer.

STATEMENT OF HON. CHARLES E. SCHUMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. SCHUMER. I thank you very much, Chairman Ford. And first, let me express my thanks to Harold Ford and the Subcommittee on Public Assistance for the House Ways and Means Committee for coming here today.

For those of you not familiar with the way Congress works, it is Harold's subcommittee that will determine what is going to happen at the first level in Washington. They have taken the leadership on all public assistance issues. They have just about sole jurisdiction on this issue. And I, for one, believe the entire city of New York is most appreciative of Harold's alacrity. When I posed to him this problem, and asked him if we could have a hearing before the next session of Congress so that we might establish a record, so that we might get this legislation moving, he was "Johnny on the Spot" to respond.

And so, Harold, myself and the entire New York delegation are very appreciative for your help and your willingness to come here right before the holiday season. I would like to say, Mr. Chairman, that recently the President actually became an advocate of the legislation that we are asking the Congress to pass. I had hoped in fact that he would be willing to join us here today and testify on behalf of this legislation. He, of course, has other things on his mind right now. And so, what I have done is arranged to show a brief recording of his recent remarks, which I think tell the whole problem. They don't get to the solution, but they certainly lay out the problem.

And with the subommittee's indulgence, I would like to show those remarks. This is a tape of the President's recent press conference. So, in a sense, the President is our witness here today. [Tape played.]

[The text of the tape referred to follows:]

FEDERAL AID TO THE HOMELESS

Q. Mr. President, Mr. President, please one domestic question, would you please? Sir, this is the question——

The President. Helen, will you yield to this?

Q. This is a question that will not wait. It's cold weather out there, and the growing number of hungry and cold people who are homeless in all our cities—and these volunteers that you urge to take part in this and try to help have now made their surveys across the Nation. They've come back and said we can't feed the hungry and take care of the homeless by ourselves. We've got to have Federal help. You have no policy in the White House, I believe, to do this, and you're now just leaving this to local government and local groups. They can't take care of it. Won't you please give us a federlaly coordinated program with long-time planning?

The President. I think that in that in things of that kind we are still spending more than has ever been spent before trying to help the needy. I will be very pleased to look into that particular facet and see if there is some snafu there, but I don't think so. But I do think that many of these programs are being undertaken at a State and at a local level and with the aid of Federal financing. But I'll look into it.

Q. They're doing a great job, sir, but they simply say themselves—the churches, the nonprofits—we can't do it sufficiently. The number is growing so rapidly. They've got to have Federal help.

The President. No, well, as I'm saying, I'm going to find out, because I think and believe that there is such help. I just read this morning in the paper about a needy family in New York that is being put up in a hotel, and the cost to welfare just for the rent of the hotel room is $37,000 a year. And I wonder why somebody doesn't build them a house for $37,000?

Mr. SCHUMER. Well, the President has hit the nail on the head. Why are we spending $37,000 a year, sometimes even a little bit more on welfare hotels on seamy, dilapidated one-room places, when instead that money could be used to build permanent and temporary housing?

And the answer is very simple. The answer is that the Federal law, Mr. President, does not allow us to spend that money on permanent housing. And the legislation that Congressman Weiss and I have introduced is designed to answer that question. It is supposed to get at three things: First, it is supposed to provide a decent place for homeless people to live in; second, it is supposed to do it at less cost than the present system of paying welfare profiteers; and third, it is supposed to knock out the welfare profiteers from the picture. The people who are providing these miserable places and making huge amounts of profit.

I am disappointed too, along with Chairman Ford, that HUD and HSS declined to testify today. Our President has made a comment, and yet they will not come to New York and address this issue. The real question is going to be what is the President's position on this issue. Will he help us overrule the law?

Later this morning, we are going to hear from two witnesses, who will detail their firsthand experience with the difficulty of finding a permanent place to live. And at the bottom line, ladies and gentlemen, much of the problem of homelessness is simply a problem of a lack of housing. A lack of permanent, affordable hous-

ing for the poor and near poor. And this legislation would help alleviate that situation.

Other witnesses will discuss the exorbitant costs of welfare hotels. They range here in New York City from $30 a night to $100 a night. The total costs can come to $37,000 a year. Hotel conditions vary from mediocre to awfully terrible. I have been to some of these places, and it is enough to make your stomach turn. Even the hotels in the best conditions, of course, do not provide the kind of environment that families should be living in, particularly children who are growing up. We will have witnesses here today, as I understand it, Mr. Chairman, who will discuss that welfare hotel environment.

The solution is clear. We have to build permanent housing. The legal glitch is equally clear. The Federal law doesn't allow us to do it. If we pass this legislation H.R. 5080, which Senator Moynihan cosponsored in the Senate and we will both reintroduce in the new session of Congress, we would overcome this problem.

The legislation, and I think it is important to stress this, has strict limitations on it. It is not one of these tax, tax, tax, spend, spend, spend programs that so many people in Washington like to kick around. First, the maximum grant per unit of housing to be built would be equal to a little over the average total cost of housing a family in a welfare hotel for 1 year. The amount would vary. In New York it would come to about $27,000; less than the $36,000 talked about.

Second, before receiving the assistance, the State would have to demonstrate that the total AFDC bill would decrease over a 5 year period. In other words, the locality would have to show that the cost of one-time construction grants, plus the monthly welfare subsidy would be less than 5 years of grants to welfare hotels. So, actually this bill would save the Federal Government money, at the same time as putting people in a decent place to live.

And finally, when EAF funds are used to build permanent housing, the State and local governments must pay 60 percent of the cost of the project, not the 50 percent in the EAF payments. In other words, we in New York City and New York State, would be willing to take a larger burden to get some Federal help in building this Federal housing.

Well, I guess what I conclude with is an observation that my 6 years on the Housing Committee have made clear to me. As complicated as the homeless problem surely is, and as difficult as it is to determine the extent of the problem and who it exactly effects, one thing is certain: To reduce the number of homeless we must build new, affordable, permanent homes. That is why on this bill, you will hear from today our good mayor, as well as Bob Hayes, who usually are to say the least at odds on homeless policy. But on this issue they have come together, and they support it.

It is difficult to see why legislation like this cannot pass, but I certainly appreciate once again the Public Assistance Subcommittee, as well as Chairman Ford's interest in the legislation. Let's hope this begins the path to producing a good bill that will do good for the homeless, good for the localities, and good for the country.

Thank you, Mr. Chairman.

[The prepared statement follows:]

CHARLES E. SCHUMER
11TH DISTRICT, NEW YORK

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STATEMENT OF
THE HON. CHARLES E. SCHUMER

Friday, December 12, 1986

I'd first like to thank my friend Harold Ford for holding this day of hearings here in New York. It is clear that you, Mr. Chairman, are making a serious effort to investigate the terrible tragedy of homelessness, and I look forward to working with you in the 100th Congress on the legislation we will discuss today and on other ways to help house the homeless.

Mr. Chairman, President Reagan recently made a telling statement regarding the issue before us today. It would have been nice if the President would have been able join us here, to discuss his views on homelessness in America and to learn about the difficulties cities like New York face in housing the homeless. Instead I've arranged to show a recording of his recent remarks.

[Run tape of Press Conference.

> [President Reagan: "... I just read this morning in the paper about a needy family in New York that is being put up in a hotel, and the cost to welfare just for the rent of the hotel room is $37,000 a year. And I wonder why somebody doesn't build them a house for $37,000?]

The president has posed an important question. In New York alone, federal, State and City governments will spend roughly $110 million this year to house homeless families in 56 welfare hotels throughout the City. The hotels are a disgrace. Run by slumlords who are getting rich in the process, they are expensive, dilapidated and cramped, offering an unsuitable environment for the raising of children.

Why don't cities like New York use the millions of dollars they are now spending on temporary welfare hotels to build instead permanent homes for the homeless?

The answer is simple. Current federal law makes such a wise policy illegal. Cities like New York would love to leave the scandal of welfare hotels behind them, but federal law gives them no choice.

The good news, however, is that a simple answer to your question suggests a simple solution to the problem: legislation that would permit cities like New York to spend the money they now waste on welfare hotels to build instead permanent housing for the homeless.

I'm disappointed that representatives from the Departments of Health and Human Services and Housing and Urban Development declined to come and testify today. I hope that doesn't signal an absence of administration support for the legislation before us. Because based on the President's comments, I think it is not too far-fetched to hope that Mr. Reagan will join Senator Moynihan, Congressman Weiss and myself in untying the hands of cities eager to build the homeless real, lasting homes.

Mr. Chairman, let's look at the specifics of the problem and at what exactly my bill would do.

Federal funding for homeless families is provided through the Emergency Assistance portion of the Aid to Families with Dependent Children (AFDC) program. When a family is evicted -- as poor families all too frequently are, whether because they can no longer afford the rent or because the brother-in-law they are doubling up with needs the space -- Emergency Assistance can pay for shelter costs until an affordable apartment can be found. As we all know, however, given the critical shortage of available apartments within reach of poor families, and the years-long wait for federal subsidies, what starts as a temporary solution becomes a permanent one.

Later this morning, Mr. Chairman, we will hear from two witnesses who will describe in depressing detail their first-hand experience with the difficulty of finding a permanent place to live.

Other witnesses will discuss the exorbitant cost to local and federal governments as the temporary welfare hotel solution has become entrenched. As I understand the situation, hotel rates vary, but range between $30 and $100 per family per night. The total cost can come to as much as $36,000 per year.

Hotel conditions vary also. Some hotels are dilapidated and chock-full of code violations, and others reasonably well-maintained. But even the hotels in the best conditions do not provide the kind of environment that families should be living in and, particularly, that children should be growing up in.

Witnesses later will describe the welfare hotel environment. For now, I'd like to share with you one letter that sums up the

need to help poor, homeless families out of welfare hotels and into permanent homes. One little boy wrote this letter to Santa Claus. The return address was a New York City welfare hotel: "Dear Santa, I am asking you if you would please give my sister and me and my mom and dad a new house. If you do, I promise we will never ask you for anything else again."

The solution, Mr. Chairman, is clear: build housing that is affordable to these families. The legal glitch is equally clear: while the present law allows us to spend $36,000 a year for a marginally-livable hotel room, not a dime can be spent to rehabilitate existing housing or build new housing for these poor families.

H.R. 5080, which I introduced last summer, which Senator Moynihan introduced in the Senate and which we both will reintroduce as soon as the new Congress convenes, would allow a state or local government to use Emergency Assistance funds for the construction or rehabilitation of permanent housing for homeless families. The housing would be affordable with the regular shelter portion of the AFDC grant, about $270 per month, and funds would come as an up-front grant to defray the costs of building permanent housing.

Plus -- and it's important to stress this -- there are strict limitations written into the legislation designed to ensure that the federal government would actually save money.

First, the maximum grant per unit of housing to be built would be equal to a little over the average total cost of housing a family in a welfare hotel for one year. Thus, the maximum per city would vary; in New York it would come to about $27,000.

Second, before receiving assistance, the State would have to demonstrate that the total AFDC bill would decrease over a five-year period. In others words the locality would have to show that over five years the cost of the one-time construction grant plus the monthly welfare rent subsidy would be less than five years worth of grants to welfare hotels.

Last, whenever emergency assistance funds are used to aid in building permanent housing, the State and local governments must pay at least 60 percent of the total costs of the project, rather than the 50 percent share of Emergency Assistance payments normally covered by the State and local government.

In addition, the legislation brings much closer the end of the $100 per night welfare hotel room. When apartments built under this program become available for occupancy by welfare families, the City must discontinue the use of an equivalent number of its highest cost temporary accommodations, except as an increase in the number of the homeless makes additional temporary shelter necessary.

Mr. Chairman, I'd like to conclude with one observation, something that my six years on the Housing committee have made abundantly clear to me. As complicated as the homeless problem surely is, as difficult as it is to determine the extent of the problem and who exactly it affects, one thing is certain: To reduce the number of homeless people we must build new affordable, permanent homes.

My bill recognizes this -- which is why Mayor Koch and Bob Hayes, who to say the least are usually at odds on homeless policy, support it. The bill, which requires a serious financial commitment from local authorities, would reward those cities already trying to provide permanent housing for the homeless, and will offer an incentive to those that would like to.

Unless we untie the hands of cities like New York, poor families will be condemned to live in substandard conditions, and federal, state and local governments will continue to throw money down the welfare hotel drain.

Thank you, Mr. Chairman. I look forward to working with you on this bill.

###

Summary of Schumer Homeless Assistance Bill (HR 5080)

Allows the use of AFDC Emergency Assistance payments for the construction of permanent housing for families that would otherwise be left to live in a shelter, a welfare hotel, or on the street.

The use of EAF payments for this purpose would be subject to certain conditions intended to ensure that the federal government saves money within a five-year period, and that local communities contribute substantial resources of their own to any AFDC-assisted construction or rehabilitation:

1. Any unit constructed or rehabilitated out of the proceeds of any grant must be rented to a family that is eligible for AFDC, has been unable to obtain decent housing at rents that can be paid with the shelter portion of the grant, and which would otherwise have to live in a shelter, a welfare hotel, or the streets; such units would have to comprise at least 40 percent of any building constructed or rehabilitated with funds provided under the Act.

2. Ownership of such housing would be limited to the state or local government, agencies or instrumentalities of states or local governments, or non-profit organizations.

3. The maximum grant would be an amount equal to the 75th percentile of the unit of local government's cost of housing a family in a shleter or welfare hotel for one year. The maximum grant would be at least $18,000 per unit in New York, and perhaps up to $28,000.

4. Total AFDC costs over a five-year period must be lower with the grant than without it (assuming that without the grant the local government would have to continue to make emergency assistance payments at a level equal to the 75th percentile of its costs of housing a family in a shelter or welfare hotel throughout the five-year period.

5. As a condition of receiving assistance the State would have to submit a plan for ending the use of its highest cost temporary shelters as units assisted with an AFDC/housing grant became available as permanent housing.

6. The state and local government's share of total rehab and construction costs for any unit assisted with grant funds must be either 50 percent of total costs or 10 percentage points higher than the state and local governments current share of AFDC payments.

###

Chairman FORD. Thank you very much, Mr. Schumer. And I want to thank you for that right-to-the-point opening statement.

I said earlier that I am delighted to be here with you, and I would like to recognize my other colleague who is here with us today, Mr. Weiss, who has been in the forefront, and also introduced legislation. I think he has introduced H.R. 4938, and we are delighted to have you to join us here with the Public Assistance Subcommittee today, Mr. Weiss. And at this time, the Chair will recognize you for an opening statement.

STATEMENT OF HON. TED WEISS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND CHAIRMAN, INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES SUBCOMMITTEE, COMMITTEE ON GOVERNMENT OPERATIONS

Mr. WEISS. Thank you very much, Mr. Chairman.

Let me at the outset express my appreciation to you for making the effort and coming to New York to conduct these very important hearings. And I am delighted to join with my distinguished friend and colleague, Charles Schumer, in presenting this package of legislation.

His legislation talks about permanent housing for the homeless. Mine deals with the problem of temporary housing—immediate temporary housing. My legislation is very simple, and it again responds to the question that President Reagan posed last month. The reason that we don't have the Emergency Assistance Emergency Program being used to upgrade housing is because his bureaucrats refuse to allow it. We shouldn't even have to introduce legislation which permits it, but because they don't allow it, we have legislation which will allow the moneys, including $21 million that are spent in New York State for emergency housing for families, to be used not just for renovation in welfare hotels, but for the construction, renovation, and the renovation of facilities to provide emergency housing for those families.

My Subcommittee on Government Operations has conducted hearings across the country. This is not just New York's problem. It is a national problem. The problem of homelessness is growing at the rate of something like 38 percent a year. It is high time that the executive branch of Government started working with us in providing decent housing for these families. And because they haven't done it on their own, we hope they will support our legislation to do it.

Thank you, Mr. Chairman.

[The prepared statement follows:]

TED WEISS, NEW YORK, CHAIRMAN
SANDER M. LEVIN, MICHIGAN
BEN ERDREICH, ALABAMA
JOHN CONYERS, JR., MICHIGAN
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NINETY-NINTH CONGRESS

Congress of the United States

House of Representatives

INTERGOVERNMENTAL RELATIONS AND
HUMAN RESOURCES SUBCOMMITTEE
OF THE
COMMITTEE ON GOVERNMENT OPERATIONS
RAYBURN HOUSE OFFICE BUILDING, ROOM B-372
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PREPARED STATEMENT OF HON. TED WEISS, CHAIRMAN
INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS
AT A HEARING BEFORE THE SUBCOMMITTEE ON PUBLIC ASSISTANCE
AND UNEMPLOYMENT COMPENSATION OF THE COMMITTEE ON WAYS AND MEANS
IN NEW YORK CITY, FRIDAY, DECEMBER 12, 1986

Mr. Chairman, thank you for conducting this important hearing on shelter for homeless families in New York, which has one of the largest concentrations of homeless people in America.

New York State received more than $21.7 million in Federal emergency aid last year to shelter homeless families, but most of that money went into overpriced and grossly inadequate welfare hotels or congregate shelters. Why? Because Federal law does not allow funds to be used for the acquisition of new shelter. Therefore, the State and City of New York have no alternative but to place homeless families in existing facilities. My own work on the homeless problem convinced me that the law must be changed.

The investigation of homelessness has been a priority of the Government Operations subcommittee, which I have the privilege to chair. The subcommittee has conducted four hearings and issued two reports on the Federal response to the homeless crisis. The reports found that the Federal response has been woeful. While the homeless population increases by as much as 38 percent a year, the Reagan administration has opposed all efforts to provide Federal relief to the homeless. Recently, for example, the Agriculture Department issued new income interpretations that severely restricted the eligibility of homeless people for Food Stamps, a decision that has had a particularly adverse impact on New York City, and an action I will work to overturn in the next Congress.

Two months ago, the Committee on Government Operations approved "Homeless Families: A Neglected Crisis," a critical report on the Social Security Administration's Emergency Aid to Families Program, which funds half the costs of shelter for homeless families in New York City, and localities in 27 other States participating in the program. We found that the program not only did not meet the needs of homeless families, it was detrimental to their well being. I quote directly from the report's major finding:

> "The system for homeless families currently funded by Emergency Assistance is destructive to families, harmful to children and may be perpetuating long-term homelessness among families."

This finding was supported by a study conducted by researchers at Harvard University Medical School, which concluded that nearly half the pre-school age children living in homeless family shelters had severe developmental and emotional impairments. More than half the children studied were clinically depressed, and most had suicidal thoughts. It is no wonder. The welfare hotels for homeless families in New York City are breeding grounds for prostitution, illegal drug dealing and crimes of violence. They are a terrible environment for children to be raised in. Unable to develop in a nurturing atmosphere, many of the homeless children will be held back emotionally and educationally. Many of today's children of the welfare hotels will undoubtedly be tomorrow's homeless adults unless we deal with their comprehensive needs now.

The irreparable damage the welfare hotels cause the children living in them is perhaps the highest price we will pay for housing homeless families in inappropriate shelter. But aside from the cost to our children, the welfare hotels are extracting heavy financial payments. In New York City, it costs as much as $37,000 a year to house a family in a single room in a run-down welfare hotel. Under the current administration the Federal Government spends too little on aiding the homeless, yet most of the Federal funds are apparently misspent. The costs of the welfare hotels are insane by any standards.

The legislation I propose is a simple solution to a complex problem. Here in New York City, a combination of Federal, State and local funds are pouring in to an inhumane and exorbitant system of welfare hotels and congregate shelters for homeless families. Under this system, it costs as much as $3,000 a month to shelter an entire family in one room. The problem is that the law currently prohibits Emergency Aid funds to be used for the acquisition of new shelter. Thus, New York City, and every other city using these emergency funds, have no alternative but to use existing shelter. In New York, the existing shelter consists of welfare hotels, where homeless families are forced to live in squalid conditions.

The legislation I introduced earlier this year would change Federal law by allowing Emergency Aid funds to be used for the construction, rehabilitation, rental or purchase of new emergency shelter for homeless families. My distinguished colleague, Congressman Schumer, has introduced somewhat different legislation which would also use the Emergency Aid Program as the source of funds to aid homeless families. We are working together to enact this change in the Social Security Act so New York and other cities will be able to replace their dilapidated and exorbitant emergency shelter systems for homeless families with safer, less expensive shelter.

There are several reasons why we believe using the Emergency Aid Program is the best way to alleviate the plight of the families living in welfare hotels and congregate shelters. First, the Emergency Assistance Program is the only Federal program already in place that can provide adequate financial support to the efforts of State and local governments to shelter homeless families. Second, by using this program, governments at every level are forced to engage in a constructive dialogue about homelessness. Such a dialogue will lead to the end of each government placing the responsibility for the homeless on someone else. Third, by using the existing Emergency Assistance Program, we will not be forced to ask Congress to create a new program for the homeless. Such an effort would be difficult with a President who has demonstrated a clear disinterest in the poorest of Americans, and who has opposed or attempted to undercut every proposed or existing program to aid the homeless.

Emergency assistance was created in 1967, long before the Reagan Revolution that sought to reverse the commitment of the U.S. to help our needy citizens. The President insists that homelessness is a local problem, not a national crisis. On November 19, when asked at a press conference what he intended to do about the homeless problem, the President said he thought New York's spending of $37,000 a year to house a family in a welfare hotel did not make sense. Why doesn't someone build a house for that family, the President asked. We agree. Housing should be built with that money. It makes sense. But the reason local governments do not build houses with that money is because Federal law prohibits them from doing it. I advised the President of this last month. I would like to have my letter to the President entered into the record.

We hope to eliminate the restriction so local governments can do what the President suggests, build new housing with Emergency Assistance money. The legislation we propose gives State and local governments the flexibility to create alternative forms of shelter to meet the needs of their respective homeless populations. If New York, for example, wants to build houses for the homeless, they would be able to pursue that alternative. If New York wants to build apartment dwellings, it would also have that option. If homelessness abated to the point that any of these new facilities became vacant, then New York could use them as permanent low-income housing.

Regardless of which option is chosen, the Federal, State and local governments would save money in the long run. Clearly it is less expensive to build, rehabilitate, purchase or rent new shelter than it is to continue paying more than $3,000 a month, per family, to welfare hotels.

Mr. Chairman, I would like to work with you and Congressman Schumer to amend the Social Security Act so Emergency Assistance funds can be wisely used. Together, I am hopeful we can gain passage of legislation that will end the senseless subsidization of New York City's welfare hotels.

But while we strive to improve the law, we must also continue to monitor the Department of Health and Human Services (HHS), which houses the Social Security Administration, to ensure that it administers the Emergency Assistance Program in accordance with the intent of Congress. Our investigation found the Department had not done its job and, as a result, the existing Emergency Assistance Program was less effective than it should have been.

Even though Emergency Assistance cannot be used for the acquisition of new shelter, Congress never intended for Federal funds to be used to house families in dilapidated welfare hotels and other unsafe environments. Congress gave HHS the authority to monitor and audit the Emergency Assistance Program to ensure that Federal funds are spent wisely, and homeless families receive sufficient emergency assistance. HHS' own regulations require it to conduct regular audits and monitoring reviews of all its public assistance programs. Yet, HHS condones the waste of Federal dollars and maltreatment of homeless families by accepting the inappropriate use of EA funds. It conducts no audits or reviews.

The failure to properly audit and review the Emergency Assistance Program has allowed Federal funds to be spent on exorbitant and dangerous shelter for families. The health and safety problems of New York City's welfare hotels have been well documented. But even outside of New York City, similar, even worse abuses, have occurred. A 1984 investigation by the Nassau County District Attorney found "serious deficiencies in the quality of shelter that is provided those seeking emergency housing." The District Attorney's investigation found that homeless families who the County had believed were sheltered at one facility were actually residing at a boarding home in another location. Both buildings were owned by the same absentee landlord. The building where the homeless families lived was, according to the District Attorney, "a rat and roach invested building, with broken and boarded up windows and walls, with grossly insufficient and broken plumbing, backed up sewage and other severe structural defects. The rear basement door has been torn off, and the house is open to weather and other intrusions. Large and dangerous debris and abandoned automobile wrecks were scattered around the yard. In this house, fourteen separate people were required to live in four bedrooms, with as many as four persons to a small room. One man was placed in the attic."

The District Attorney found similar problems at shelters across Nassau County and concluded that, "Clearly, the various levels of government are working in conflict. Public monies should not be spent to subvert public statutes. While the Nassau County Department of Social Services is under immense pressure, both legal (from Federal and State judges and officials), as well as personal (from daily crises of the Department of Social Services clients themselves), to use an available shelter for Department of Social Services clients, bureaucratic responses, however seemingly practical, are no substitute for fulfillment of the law." This comment can be appropriately applied to local social service agencies everywhere in the country that are trying to find shelter that simply does not exist for the increasing hordes of homeless families. There is no existing alternative to this horrendous system. We must create one.

We cannot replace the shelter system overnight. In the interim, there are stopgap measures we can take to improve the system. In New York City, I would like to see a non-profit organization take over the welfare hotels and manage them in a more adequate, less costly manner. Or perhaps in lieu of such a move, the City can adopt more stringent

standards for the current welfare hotels and shelters that would make them cleaner and safer. If the owners of these hotels are allowed to gouge the taxpayers, they should at least be forced to provide better services. I want to make clear that, although I believe the current welfare hotel system must be replaced, the concept of Single Room Occupancy units, SRO's, should not be abolished. Often, and especially in New York City, SRO's are the only affordable type of residence for poor people. I see nothing wrong with maintaining adequate SRO units for needy citizens, but not the type currently being used to house homeless families. They are a disgrace.

That concludes my statement. Thank you, Mr. Chairman. I look forward to working with you, other members of your subcommittee, and Mr. Schumer in the future.

Attachment

TED WEISS, NEW YORK, CHAIRMAN
SANDER M. LEVIN, MICHIGAN
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NINETY-NINTH CONGRESS

Congress of the United States
House of Representatives
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RAYBURN HOUSE OFFICE BUILDING, ROOM B-372
WASHINGTON, DC 20515
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November 20, 1986

The President
The White House
Washington, D.C. 20500

Mr. President:

Current Federal law presents no alternative but to house homeless families in exorbitant, inappropriate and sometimes dangerous facilities. I applaud your recognition last night that Federal funds intended to aid homeless families are not being well spent, and urge you to join efforts already underway in the Congress to reverse this travesty.

During your November 19 press conference, in response to a question regarding the homeless, you stated:

> "I just read this morning in the paper about a needy family in New York that is being put up in a hotel and the cost to welfare, just for the rent of the hotel, runs $37,000 a year. And I wonder why somebody doesn't build them a house for $37,000."

Mr. President, I hope that your remark will be the beginning of the best possible form of aid to the homeless. As Chairman of a House subcommittee which has conducted four hearings and issued two major reports concerning the homeless crisis, I have learned, as you noted, that Federal funds are not being effectively used to shelter the homeless. Half of the $37,000 you mentioned comes from Social Security Emergency Aid, a component of the Aid to Families With Dependent Children Program. New York, and other cities, cannot use the funds to build houses for the homeless because Federal law prohibits the use of Emergency Aid funds for anything other than existing shelter. The law leaves these cities with no alternative but to fund exorbitant welfare hotels. The enclosed report of the Committee on Government Operations elaborates on this tragic situation.

Earlier this year, I introduced legislation, the Emergency Aid to Homeless Families Act, to amend the Social Security Act to allow Social Security Emergency Aid funds to be used for the construction, rehabilitation, and rental or purchase of adequate emergency shelter. This legislation, together with renewed efforts to modify the Agriculture Department's inclusion of emergency aid as income in determining Food Stamp benefits, would go a long way toward easing the plight of the homeless.

The State and local governments which are faced with the greatest numbers of homeless families simply do not have sufficient resources to respond to increasing homeless populations overloading their emergency assistance systems. I plan to reintroduce the Emergency Aid to Homeless Families Act when the 100th Congress convenes. With your leadership, I believe the Congress will pass this legislation designed to end the wasteful spending of Federal funds, and at the same time, provide more humane assistance to the homeless. I ask for your support. Thank you.

Respectfully yours,

TED WEISS
Chairman

Enclosure

I

99TH CONGRESS
2D SESSION

H. R. 4938

To amend part A of title IV of the Social Security Act to permit States, with Federal matching under the program of emergency assistance to needy families with children, to purchase, construct, renovate, or rent facilities to provide emergency shelter for such families.

IN THE HOUSE OF REPRESENTATIVES

JUNE 4, 1986

Mr. WEISS introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend part A of title IV of the Social Security Act to permit States, with Federal matching under the program of emergency assistance to needy families with children, to purchase, construct, renovate, or rent facilities to provide emergency shelter for such families.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Emergency Aid to Homeless Families Act."

SECTION 2. EMERGENCY ASSISTANCE UNDER THE AFDC PROGRAM IN THE FORM OF SHELTER FACILITIES FOR NEEDY FAMILIES WITH CHILDREN.

(a) IN GENERAL.—Section 406(e) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(3) The term 'emergency assistance for needy families with children' also includes expenditures made by the State (in accordance with standards prescribed by the Secretary in regulations) for the purchase, construction, renovation, or rental of facilities to be used exclusively in providing humane and adequate emergency shelter for families eligible for assistance under paragraph (1), but only in the case of a State whose State plan approved under section 402 includes provision for such expenditures.".

(b) CONFORMING AMENDMENT.—Section 406(e)(1)(A) of such Act is amended by inserting "(including emergency shelter in facilities of the type described in paragraph (3))" after "payments in kind".

SEC. 3. EFFECTIVE DATE.

The amendments made by section 1 shall apply with respect to quarters beginning on or after the date of the enactment of this Act.

○

THE EMERGENCY AID TO HOMELESS FAMILIES ACT

A recent Congressional investigation and hearing indicate that there are 250,000 members of entact families who are homeless in the United States. Testimony at the hearing concluded that there is a drastic shortage of shelter for these destitute families, and as a result, they have nowhere to go, or are crammed into exorbitant, dilapidated welfare hotels and congregate shelters.

Homeless families now represent 28 percent of the burgeoning homeless population. The U.S. Conference of Mayors estimates that 66 percent of New York City's homeless are families. In Chicago and Boston, 40 percent of the homeless are families, and in most other large cities, 20 to 30 percent of the homeless populations are families.

The Conference also reports that most localities cannot accommodate the emergency shelter needs of the homeless. In 60 percent of the cities surveyed by the Conference, emergency shelters had to turn away homeless people because the facilities lacked enough room.

The Social Security Administration, through the emergency assistance component of its Aid For Families With Dependent Children Program (AFDC), funds half the family shelter costs of States and localities. However, the emergency assistance program is optional, and only 28 States and territories, half those eligible, receive emergency assistance to families from the Federal Government.

The investigation of this program yielded shocking results. Federal funds pay half the costs of dangerous, inhumane welfare hotels in such places as New York and Washington, D.C. that charge as much as $3,000 a month to house a family in a single room with no kitchen. A Harvard University psychiatrist who has studied homeless families found that the environment in these inadequate shelters is causing serious emotional damage to the children who reside in them.

Last year the emergency assistance program served an average 33,000 family cases a month, at a total cost of $81 million. Much of this amount was spent on unsafe and inadequate shelter because no other shelter is available, according to Federal and local officials.

Continuing to pour Federal dollars into exorbitant welfare hotels is illogical when saner, less expensive alternatives exist. However, under current law, AFDC funds cannot be used to obtain decent shelter. When emergency assistance for homeless families was added to the Social Security Act in 1967, we did not expect the plight of homeless families to become the emergency crisis it is today, and we could not predict that homeless families would become a permanent underclass of our society, as they have.

Chairman FORD. Thank you, Mr. Weiss.

At this time, I would like to call the first witness to the witness table. It is now about 10:15, and I really appreciate the witnesses and the Members of the New York area for letting us get off to a good start because we want to try and complete and wrap the business up as early as possible this afternoon.

I have the distinct honor to call upon the first witness, the mayor of the city of New York, Mayor Koch. One whom I know personally, one who I served with in the Congress for a couple of terms before he was elected to serve as mayor of this city. And you know, when I was called by two of my colleagues to come to New York and to bring the subcommittee to this city, I thought about when President Reagan addressed the Nation maybe a few days prior to that, and he had made this statement about New York and talked about the welfare hotels, that I could not find a better place to carry the subcommittee during the Christmas holidays to focus upon that.

And there is one other thing that I learned before I made the confirmation with my staff. I learned that today is your birthday—I could not refuse. I wanted to be in New York on the mayor's birthday, so I brought the subcommittee here to say happy birthday to you.

Let's try to get to some of the issues, and let's try to satisfy many of those who are out there that are homeless, and try to find ways to house the homeless in this city as well as other cities throughout this Nation.

I know that you have taken time from your busy schedule to be with us today, and I know your commitment—and I know on your birthday you have to be even more committed. And I am just happy to join with you to say happy birthday, Mayor Koch.

STATEMENTS OF HON. EDWARD I. KOCH, MAYOR, NEW YORK CITY; WILLIAM J. GRINKER, COMMISSIONER AND ADMINISTRATOR, NEW YORK CITY HUMAN RESOURCES ADMINISTRATION; AND FELICE MICHETTI, FIRST DEPUTY COMMISSIONER, NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT; ACCOMPANIED BY GREG COLECHIAN, IN CHARGE OF SHELTERS FOR THE HOMELESS

Mayor KOCH. You are very kind, Mr. Chairman, to look backwards to those days when I spent time in the Congress with you. As you know, I was there for 9 years, five terms, with your colleagues sitting here—two members of the New York delegation who are personal friends and great Members of the Congress. And I am very appreciative also to the Members of Congress for having made it possible for New York to survive.

What I would like to do is introduce my associates here, Bill Grinker, who is the new Administrator/Commissioner of the Human Resources Administration, and Felice Michetti, who is the First Deputy Commissioner of Housing Preservation and Development; the two agencies that have major jurisdiction in assisting the homeless.

I have a statement which I would like to place in the record. And I would like to speak extemporaneously on it.

Chairman FORD. Could you identify the third person for us, Mr. Mayor, at the witness table?

Mayor KOCH. I am sorry, I didn't see him.

Greg Colechian, who is directly in charge of the shelters for the homeless. So, he is out in the field, and knows exactly what is happening each night. In fact, as I told him, he may not go to sleep before he gets a report from the field people that everything is okay in each of the shelters.

Now, again, I am going to file my statement, and I will then immediately address the President's statement. But a brief outline first—our problem with respect to the homeless is as follows: We have about 26,000 people in the city of New York who are homeless, and there are two classifications. One, would relate to family members; and those consist of about 4,500 families, about four in each family so they are in the neighborhood of 16,000 or so people. And then we have another 9,600 people who are single individuals, 15 percent of whom are women. They are sheltered in dormitories.

The Federal Government generally isn't concerned with single adults because they don't make any payments at all for the single homeless. That is a cost borne totally by the city and the State, each paying 50 percent. The Federal Government bears about 50 percent of the cost of the families under AFDC, generally a woman with three children.

We have a number of different kinds of shelters that we provide for the families, but the one that is overwhelmingly used would be the hotels. Although we have a primary intake where people come in and it is a congregate shelter, we keep them there temporarily until we are able to put them into a better kind of a shelter where they would have private sleeping facilities. We even have what are called family centers, run by nonprofit agencies, which are actual apartments that homeless families have on a temporary basis until they find their own apartment. However, the vast majority are sheltered in 61 hotels at the moment.

Now, much is said about the fact that we pay a lot of money for the hotel space. That is true, if you think that paying $15 per night per person it is a lot of money. I doubt that there are many people who are able to pay that when they go into a hotel. The average commercial rate for a hotel in the city of New York, is $90 per person. That is the commercial rate, and of course, these are first-class hotels I am talking about. The others, the hotels that we are using, are not first-class hotels. If they were first-class hotels, they would not want to be in the business of accepting the homeless families that we place in the hotels. Not because these are not decent people, but because hotels don't like families with lots of children in hotels. And if you go into the average hotel, you don't find families with lots of children there.

So, the hotels that we have available for homeless families are the hotels that aren't able to make it in the commercial market. But we are grateful that they are there, and in fact, we run out of hotel rooms. And on occasion, we have had to go outside of the city and rent hotel space in adjacent cities, where it is more readily available. Very modest numbers are involved there, maybe 120 people or something like that. When you consider we have over 16,000 people in these homeless families, it is really just inconse-

quential. But occasionally we will do it because we have a rule which we like to believe is hard and fast, that a pregnant woman should be in a hotel room, not in one of our congregate shelters. A woman with very small children should be in a hotel room, not in a congregate shelter.

So, how do you then get to these astronomical dollars that we know are being paid? Well, it costs $15 a person on the average. In some hotels we pay less, in other hotels, we pay more. But that is the average that we pay. $15 a night, four in a room, $60 a night for the room for four people multiplied by seven nights, that is $420. Multiplied by 4 weeks, it is over $1,600 a month. So, it does mount up. Then you say to yourself, well why don't you put people into permanent shelter?

We would love to put people into permanent shelter. And, in fact, over the last 3 years, in our in rem foreclosure housing, that we own because people haven't paid their taxes, we have rehabilitated 7,800 apartments. We have put people from two streams into those apartments. One would be those who were directly in the hotels, called the welfare hotels, so to speak. And the other half, would be people who come directly out of apartments that have been burned out, or where they are uninhabitable. And so, you've got these two streams, half and half, going into these hotels. The population is basically the same. The people who would be burned out, would be coming into our hotels, but instead we put them directly into some of these apartments whenever possible.

Now, the President has said he is amazed that we would be spending, and he picked out one family for $37,000, for hotel space. I have given you the average that we have to pay, occasionally we have to pay more. My immediate response to the President was he knows as much about this problem as he does about Iran.

Chairman FORD. Wait a minute, he might know about Iran.

Mayor KOCH. And the fact is that it is because of his administration's policies that our problem has increased. I don't want to say that we didn't have the same problem under Jimmy Carter and his predecessors because we did. They did not allow the moneys to be used in an intelligent way. These are emergency moneys for emergency help, but regrettably these emergencies are extended, and the reason they are extended is that we have a 2 percent vacancy rate here in the city.

As I said initially, we have rehabilitated 7,800 apartments in the course of the 3 years. We are now doing them at the rate of about 3,600 apartments a year, and we hope to increase that number as well. So, what we are interested in doing is getting support for the two different approaches of Chuck Schumer and Ted Weiss, both affecting the same populations but in a different way. When people come in, they have to have a temporary shelter. We prefer to put them in the kind of temporary shelter that Ted Weiss is talking about rather than in hotel space. About 40 percent of the families are now located in midtown Manhattan hotels. There is a great outcry, why are you putting people in this one area? Why don't you distribute them throughout the city?

The answer is because hotels are not distributed throughout the city. Hotels happen to be in the midtown Manhattan area, and as Willie Sutton said about why do people rob banks, because that is

where the money is—why do we put people into these hotels, because that is where the hotels are. It is just as simple as that. You have to deal with reality.

Now, what we would like is to be able to use these funds to create the interim facility. We don't want to call it a temporary facility, because it is permanent. But it is an interim facility. Who would go in there? Let me give you this problem that we have: On the average, we get 500 new families that come into our shelters every month; and 400 of the families in our shelters, leave. That gives us each month an additional 100 families to add to our population. About 3 or 4 years ago, the total number of families in our facilities was 2,200. Today it is over 4,500. So, you can see that the problem is growing.

And the two bills that have been proposed would allow these moneys to be used more intelligently. And, the bills provide that the Federal Government has to save money because the bills will end if at the end of some reasonable period of time, you don't show a direct saving to the Federal Government. We are prepared to do that, and that is our case.

[The prepared statements of Mayor Koch, Felice Michetti, and William J. Grinker follow:]

STATEMENT OF HON. EDWARD I. KOCH, MAYOR, CITY OF NEW YORK

Chairman Ford, Congressmen Schumer, Weiss and members of the Public Assistance Subcommittee, I want to thank you for inviting me to speak today. I welcome the opportunity to address the problem of homelessness and how to best utilize Federal funds designated to aid in housing homeless families.

Let me start by giving you some background about the homeless situation in New York and the efforts we have made and continue to make to ameliorate the problem.

As you are aware, the number of homeless individuals and families nationwide has risen dramatically over the last few years. In New York City, we provide shelter for 26,000 people on an average night—that's five times as many as in 1978. Included in this number are 4,500 families representing 16,350 people, 10,775 of which are children—and the problem is growing. Over the past several months, for every 400 families who move out of the city shelter system, another 500 enter. It is a struggle to provide facilities fast enough to meet the demand.

We presently house these families in one of four types of city provided shelters:

Five "primary intake" congregate shelters where they await a more suitable placement.

Eleven congregate shelters with private sleeping facilities for each family.

Four family centers where 325 families reside in self-contained units.

Sixty-one hotels.

The dilemma of homeless families is not new. What is new in the last 5 or 6 years is the lack of commitment on the part of the Federal Government to help fund low-cost housing for those in need. The Federal Government's abrogation of its responsibility in this area has hurt cities such as New York badly where the poverty rate of over 23 percent far exceeds the national rate of approximately 14 percent. We must therefore dedicate ever-increasing percentages of our capital budget—already strained by cuts in other Federal programs—to construct housing.

New York spends more per homeless person per year than any other city in the Nation: $274 million for 26,000 people, $159 million of which is used solely for homeless families. In the last 3 city fiscal years, we have rehabilitated 7,800 abandoned and in-rem apartments for homeless or near-homeless families, at a cost per unit of between $12,000 and $55,000 depending on the extent of rehabilitation needed.

I am proud to say that 31,000 family members are now living in those homes. I am even prouder to say that in the renovation of a few of these apartments we have been able to employ a small number of homeless youth, simultaneously teaching them marketable skills.

But until suitable permanent living quarters are available for every family that needs them, we must shelter the homeless in temporary shelter facilities, a major portion of which are hotels.

Now the city of New York doesn't want to place families in hotels, but in the absence of other places to shelter them, what can we do but use hotels?

The city, State and Federal Governments combined pay anywhere from $16,315 to $36,500 a year to shelter the average homeless family in a hotel. On average, it costs $60.45 a night to shelter a family of four in a hotel. That's $15.11 a person. The city of New York would rather spend that money to build permanent housing than to rent a hotel room. But Federal law prohibits that. We would like to be able to use those same monies in a more cost-effective and intelligent manner—for permanent housing construction.

The city of New York is fully committed to providing a permanent, long-term solution to this crisis. But, as far as I can see, the present administration in Washington has not shared our goal.

Year after year, the President has achieved severe reductions or outright terminations of a full range of programs designed to meet the housing, health, education, employment and nutritional needs of needy Americans. That's why, since the President took office, Federal aid to the city of New York and its residents has been reduced by more than $2.9 billion—yes, $2.9 billion—and the portion of the city budget funded by Washington has dropped from 19.7 percent in 1980 to 11.9 percent this year.

And there is no better proof of this than what the President has proposed and achieved in the area of Federal support for housing programs. During the 1930's, the Federal Government became an active partner with State and local governments in producing housing. That partnership has, in the last few years, been unilaterally terminated.

President Carter's last budget proposal, for example, called for $33.5 billion in budget authority for housing programs in Federal fiscal year 1981. The Congress authorized $30.8 billion of that amount. For fiscal year 1987, however, President Reagan propose only $2.3 billion in budget authority for housing programs. Fortunately, Congress ignored President Reagan's proposal by appropriating $7.8 billion in 1987 for assisted housing.

There is, however, a glimmer of hope on this front. At his November 19 press conference, President Reagan indirectly addressed this issue by asking, "Why doesn't someone build these [homeless] people a home for $37,000?" He was referring to the Mottas, a homeless family of five, whose hotel room in New York City costs $36,500 a year. I have written the President with an answer to his question and I would like to share parts of that letter with you.

"Dear President Reagan:

I fully agree with you that $37,000 is an outrageous sum to be spending per year on temporary housing. The city of New York would much prefer to spend that money on constructing and rehabilitating permanent housing—if we could. Federal law, however, will not permit the use of AFDC emergency assistance funds for permanent housing construction, forcing the city to rent rooms when existing shelters are full—an option of last resort.

With the help of the Federal Government we could provide more permanent housing and move families out of hotels and into homes, without the need to spend additional Federal dollars.

. . . Through the enactment of legislation proposed in the 99th Congress by New York Senator Daniel P. Moynihan and Representative Charles E. Schumer localities would be allowed to use the Federal emergency assistance funds for the construction of permanent housing. Representative Ted Weiss has also proposed a complementary bill that would permit the funds to be used for transitional housing. These homeless assistance bills would produce a long-term cost savings to the Federal and local governments—not to mention the invaluable benefits to providing a stable home environment for the more than 10,000 children now living in New York's temporary housing facilities . . ."

I concluded my letter by urging the President to join in ensuring that this legislation is passed in the 100th Congress. I can only pray that he does.

The homeless assistance bills proposed by Congressman Schumer and Senator Moynihan would allow us, both the city and the Federal Government, not to create a new program, but to spend the money we are using now more wisely.

While we would still have to house families temporarily in congregate shelters, family centers and hotels, a major increase in the number of low-income housing resources will not only be better for the families, it will ultimately result in a cost savings to the Federal, State and city governments. In fact, the legislation requires

that the Federal Government establish that over a period of time there will be a cost saving.

New York Congressman Ted Weiss' complementary bill would provide the flexibility to create, with emergency assistance funds, transitional shelter for families while they await permanent housing. Both proposals give us hope.

Representatives from the city's Human Resources Administration and Department of Housing Reservation and Development are here to provide you with more detail about our support for these pieces of legislation.

But let me assure you that our Washington office has already been working steadily to focus attention on the Schumer, Moynihan and Weiss bills, as well as other homeless legislation. To that end, the office has spearheaded the H.E.L.P. [Homeless Enhanced Living Proposals] task force, a group of national organizations including several coalitions for the homeless. Our office maintains a leadership role in that group, and continues to sponsor its meetings in the city's offices.

The plight of homeless families is not just a New York city crisis; it is not just an urban crisis—it is a national crisis requiring Federal action.

Therefore, I urge the members of this committee to take action on the Schumer, Moynihan and Weiss bills. Until the Federal Government reassumes its rightful role and responsibility in addressing the housing of our needly population, these bills will at least allow us to use the limited resources we now have more wisely.

Thank you.

STATEMENT OF FELICE MICHETTI, FIRST DEPUTY COMMISSIONER, NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

I am pleased to present this testimony on behalf of the Department of Housing Preservation and Development (HPD) and Commissioner Paul Crotty. The commissioner has asked me to convey his apologies for not being able to attend himself. Unfortunately, he had already committed to represent the major this morning on another pressing issue.

I would like to begin by thanking the members of the subcommittee and Chairman Ford in particular for taking the time to come up to New York today to discuss the pressing problem of homelessness. I would also like to express my appreciation to Congressmen Schumer and Weiss for the exemplary concern and initiative they have demonstrated in conceiving and putting forth the bills we will be discussing today. The Department of Housing Preservation and Development endorses these proposals and we believe that they can have a significant impact on the homeless situation in New York and other cities throughout the country.

New York City is certainly an appropriate setting for these hearings. In no other city has the local government demonstrated such a substantial commitment to address the problem of homelessness. Yet, perhaps nowhere is the persistent nature of the problem more apparent.

You have heard from the Mayor and Commissioner Grinker about the extent of homelessness in New York City. You have also heard about the monumental effort this city is undertaking just to maintain emergency accommodations for those who have nowhere else to turn. And I am sure you have seen similar efforts underway in other cities, although certainly none to the same degree. What I would like to do this morning is to concentrate on the relationship between homelessness and the housing market in general, and to explain some of the more unique efforts to help the homeless now underway in the city. In particular, I would like to discuss our program to build temporary shelter and permanent housing for the homeless. Finally, I will talk about how the two pieces of legislation you are considering today can help the city in these efforts.

Those of us in mayor Koch's administration are acutely aware of the relationship between an overall shortage of housing and widespread homelessness. Many low-income families and singles simply cannot find housing at a price they can afford. In large measure, this situation can be attributed to the virtual withdrawal of the Federal Government from the arena of assisted housing. In the late 70's and early 80's, for instance, the city of New York received approximately $2 billion a year in new budget authority for housing. By 1985 and 986, this figure had plummeted to barely $500 million. Clearly, the thousands of apartments that were either not built or not rehabilitated as a result of this decrease in funding could have served to house many of those who are homeless today.

In response to the growing need, the city has redoubled our own commitment to housing and, as you have heard, the mayor has recently launched a new 10 year $4.2 billion housing plan. This plan involves not only the creation of new units to

ease the shortage of affordable supply, but also the preservation of existing affordable housing, so additional homes are not lost and additional families are not forced into the shelters or onto the streets. Despite this growing commitment, we still need your help. No effort on our part, no matter how substantial, could replace the support we have lost from the Federal Government.

For these reasons, I urge the members of this committee to lend their support for a return to substantial levels of Federal assistance for housing, and to make the connection between eradicating homelessness and supporting low income housing in general, whenever these issues come before you on the floor or the House. But the focus of this subcommittee must remain on ways to house the thousands of families who are on the streets or in the shelters right now and who have nowhere else to go. By the same token, localities must develop the means to eradicate the emergency that already exists as well as providing preventative prescriptions for the future.

In recognition of this fact, HPD has developed and is operating a battery of programs to create living accommodations designed specifically for the homeless. Our most immediate concern is to provide as many accommodations as quickly as possible, and we have chosen to do so by repairing and renovating vacant apartments within the stock of city owned buildings which we have acquired through tax foreclosure. While each apartment requires a separate level of repair to become habitable, the average cost to repair apartments at this time is approximately $10,000 to $13,000 per unit. For the most part, it would not have undertaken to do so, were it not for the urgency to house the homeless. I am proud to say that, in the past few years, we have renovated approximately 7,800 units in city owned occupied buildings for homeless families.

At the same time, we have also recognized the need for a longer term strategy to both house the homeless and add to the supply of housing through the substantial renovation of completely vacant abandoned buildings. The average cost of this type of "gut" rehabilitation is about $55,000 per unit. Obviously, this approach is both costly and time-consuming, but we have already accomplished a good deal, and much more is planned.

In fact, the city has made a 4 year commitment to provide $140 million of city capital funds to produce more permanent housing for families. In the first 2½ years alone, we are scheduled to build another 1400 units. Nearly 300 of these are already in construction. An additional 500 units will be created through a combination of funding from the State of New York and private non-profit sources.

Since this hearing concerns the production of temporary accommodations as well as permanent housing, I would like to speak for a few minutes about our efforts in this area as well. To date, the city has devoted $35 million and set aside another $14 million to produce temporary facilities for special needs groups. This program utilizes non-profit organizations to supervise the construction and the ongoing management of these properties, and in recognition of the fact that we are housing a special population, HPD in conjunction with HRA has made an extra effort to provide a range of social services for these families. Some 900 units, providing about 2000 beds, are either under construction or in the planning stages.

Clearly, we are convinced that the production of new units for the homeless is preferable, from both a social and an economic standpoint, to the continued payment of excessive rents for often substandard hotel accommodations, and I am sure that the program I have described for you is far and away the most substantial effort in the country to provide such housing. Yet this effort is obviously an expensive proposition, and the growing numbers of families in the shelters and the hotels demonstrate how much more we need to do.

It is in this setting that we welcome the two initiatives you are considering today. In fact, the city has for some time been advocating the use of Federal funds for construction or rehabilitation of accommodations for the homeless. In particular, HPD has suggested that the Federal Emergency Management Agency (F.E.M.A.) homeless program be amended to allow expenditures for these purposes, while the human resources administration has for some time advocated the use of welfare funds for the construction of homeless accommodations (in much the same way that the Schumer bill does).

In short, we believe these bills will allow the city access to a much needed source of funds, and in so doing enable us to produce more units for needy low income families than we can today. Equally as important, this new source of funds would not require additional spending on the part of the Federal Government. Instead, aid to families with dependent children (AFDC) emergency assistance funds which have already been budgeted for us in hotels and other emergency quarters will simply be redirected for construction and rehabilitation purposes.

In fact, the beauty of these proposals is that they will allow families to live in decent, safe, and sanitary permanent housing instead of overcrowded hotel rooms, and all at roughly the same cost to the Federal Government. While the initial outlay to construct the new accommodations will be a large one time expense, the amount required to assist a family once the unit is built will be dramatically less than if that family were in an emergency accommodation such as a hotel. To insure that this program does not represent an additional drag on the budget, the Schumer bill actually requires the cost of housing a family over a 5 year period (i.e. the amount of the construction grant plus the amount required to maintain the family for approximately 18 months in temporary shelter and 42 months at the regular housing allowance) to be no more than the cost of housing the same family in emergency accommodations over the same 5 year period.

Under this formula, the city would be eligible to receive Federal grants of up to approximately $28,000 per unit to construct or renovate new apartments, although we would be required to match the amount of the Federal grant in a ratio of at least $6 of local and/or State funding for every $4 of Federal money. If the city received a Federal grant of $24,000 for example, we would have to provide at least $36,000 of our money.

Obviously, we would welcome this additional funding. While it is clearly too soon to make detailed projections, I would assume that we would use these funds in much the same way we are, and will be, using city capital dollars. While the details may vary, I would expect that these new resources would also be used to rehabilitate vacant or substantially vacant city owned property rather than building entirely new facilities. In addition to being less costly, this approach also allows the city to help improve neighborhoods by transforming a vacant shell which is currently acting as a blighting influence, into a fully occupied structure.

It is certainly difficult to predict how many such grants the city would be eligible to receive and how readily available these funds would be, but potentially this program could become one of our most significant tools to house low income New Yorkers. And while I cannot speak for other cites, I believe these bills will have an especially dramatic effect in communities where the local government has been unable or unwilling to devote the funds necessary to create new units for the homeless. The addition of these funds could for the first time enable the creation of permanent homes for the homeless in these communities.

In closing, I would like to say that it is rare indeed to find a proposal that has the potential to bring about a tremendous amount of good, while not resulting in an extra cost to the public. Both of the bills before you today are just such proposals, and I urge you to support them. Thank you.

STATEMENT OF WILLIAM J. GRINKER, COMMISSIONER, NEW YORK CITY HUMAN RESOURCES ADMINISTRATION

I am William Grinker, the Commissioner of New York City's Human Resources Administration, the City agency responsible for the administration of emergency and transitional shelter programs for homeless individuals and families. Thank you for this opportunity to testify before your subcommittee on the "Permanent Housing for Homeless Families Act," and the "Emergency Aid to Homeless Families Act."

As this is only my second week as Commissioner, my assessment of the homeless crisis is as much a view of an outsider as that of an insider. My personal view at this point, is that the City, like other local and state governments across the nation, was caught unaware and unprepared for the explosion of this problem. As a result, we have all been playing catch-up for the past several years.

In 1981, the City signed the Callahan Consent Decree in which we agreed to certain standards of shelter and service for homeless New Yorkers unequaled by any other community in America. Since then, we have been caught in a rising tide of homelessness. Our efforts to cope with this ongoing emergency are both symbolic and a direct reflection of the domestic crisis faced by this nation as we move closer to a dual society of affluence and poverty.

This is not a new problem; it was first recognized by the Kerner Commission in its Report of the National Advisory Commission on Civil Disorders, which analyzed the root causes of urban rioting across the nation in the late 1960's. It is my personal belief that this crisis has been exacerbated, rather than relieved by the trickle-down policies of the current federal administration, which has turned its back on the poor. The growing number of individuals falling through the federal administration's "safety net" is a direct result of those short-sighted policies.

As I perceive it, today's homeless/housing crisis is just the tip of the iceberg. Many in this homeless population are the most visible members of what is coming to be a permanent underclass, people without hope and with nowhere to go. That is why the legislation we are discussing today is so important. With the "Permanent Housing for Homeless Families Act," the federal government would, for the first time in recent years, be offering localities a new source of funding to provide housing for homeless AFDC families that would allow for long-term planning and permanent solutions. This legislation would be a first federal step away from the precipice of despair that our society is creating.

In addition, both bills would enable us to reduce our dependency on the commercial hotel market, which has long been our goal.

In order to support the need for such legislation, let me briefly describe the development of this problem in the stark numbers that have developed over the past six years and what the City and State of New York have done -- largely on their own — to shelter the homeless men, women, and children who have turned to us for assistance.

In 1982, we operated 11 shelters for 4,000 single adults, and provided emergency shelter for 1,134 homeless families. Today, we administer 26 shelters for 9,950 adults and shelter 4,500 families including 16,350 persons, of which 10,775 are children, for an extraordinary total of 26,300 individuals at any one time. This represents a 300 percent increase in just four years. These numbers do not include the hundreds of homeless persons who are sheltered by numerous non-profit organizations, churches, and synagogues. Nor do these numbers include the thousands of families and individuals who are now living doubled up under tenuous circumstances with friends and family members, who could become homeless at any moment.

A shelter system that meets the emergency shelter and social service needs of so many people comes with a big price tag: the total shelter budget for the coming year will be $274 million, $79.25 of it federal funds. The remainder is split evenly between the City and the State. The cost of shelters for adults will be $115 million; the cost for homeless families will be $159 million, $79 million of it for hotel rents, $38 million of it federal funds.

Our emergency shelter program for homeless families relies on four types of facilities: intake shelters, congregate shelters with private sleeping quarters, family centers, and hotels. Families may be referred to the five intake facilities at any time of the day or night. These shelters are intended to be for short-term stays -- no more than 21 days -- and are dormitory style. About 500 families can be sheltered at these facilities at any one time.

The 13 congregate shelters with private sleeping quarters can accommodate approximately 265 families and are meant for longer stays. These facilities, some of which are operated by non-profit organizations, have group dining and bathroom facilities. The four family centers provide small self-contained units for approximately 400 families with private cooking and bathroom facilities. The family centers are intended to be short-term transitional accommodations from which families are to move within nine months to permanent housing. Unfortunately, through necessity, the majority of homeless families, 3,423 or 75 percent, are housed in 61 hotels throughout the City.

Of course, our services for homeless families also includes assistance in locating permanent housing. The City's Department of Housing Preservation and Development continues to provide us with apartments each month, and we plan to continue with the Emergency Assistance Rehousing Program (EARP), through which we are able to offer landlords a substantial bonus in exchange for a two-year lease at the public assistance shelter rate, which in New York City is $270 for a family of four.

As I mentioned earlier, our 26 congregate shelters for men and women are now housing 9,950 homeless individuals. All of these facilities offer three meals a day, showers, and clean clothing. HRA also operates outreach services which offer shelter to the homeless persons who congregate at locations such as Penn and Grand Central stations and the Port Authority Bus Terminal, as well as a Cold Weather Emergency Outreach Program when the temperature drops below freezing and homeless persons on the street are in physical danger. Thousands of persons are contacted through this effort, many of whom accept shelter voluntarily, and some found to be at risk, are transported involuntarily to hospitals.

While shelter meets the most basic, immediate need of the homeless, additional services are required. Many, if not most, of today's homeless individuals and families are faced with multiple problems which require multiple services. Without intervention, many of the factors that led to homelessness will still be at work when a household leaves a shelter or hotel. After all, housing is not enough if six months later poor money management has once again brought on the threat of eviction. Similarly, a job is not enough if the worker is not acquainted with the responsibilities that accompany employment. Food stamps and kitchens are not enough if parents don't understand a child's nutritional needs.

That is why we have developed the most comprehensive social service program for homeless families and individuals in the nation. In addition to the three meals a day provided at the family shelters — hotel families receive food stamps and a restaurant allowance -- all of our facilities offer basic support services. Most have child care, nutrition counseling, education programs, job training, referrals to permanent housing, and medical care. We provide recreation for young children and teens, intensive social services, and on-site caseworkers. When families identified as having special problems move into permanent housing, HRA continues to follow their progress and to offer supportive services.

Our facilities for adults also offer three meals a day and a range of general social services, health services, including a $3.2 million on-site clinic program, mental health, housing location, job training, and job placement services.

In most of our 26 shelters there are Work Experience Programs (WEP). It is the first program designed to give able-bodied shelter residents the opportunity to contribute to the day-to-day operation of their shelters, and to perform valuable community service, such as cleaning neighborhood parks. The program was developed after studies showed that many shelter clients were employable, and could benefit from a structured program that would offset the debilitating effects of shelter dependency.

Work assignments are part-time, 20 hours per week, leaving time for job interviews and other appointments. Program participants qualify for a stipend of $12.50 per week in addition to receiving room and board and all shelter services.

Many shelter residents who have shown promise in the Work Experience Program, have gone on to the Shelter Employment Project, which provides employment, housing services, and social services. The goal of the program for the six month period between July 1 and December 31 was 200 job placements. By the end of November, 205 placements had already been made, which is good news for all of us.

Clearly more needs to be done as we continue to try to catch up and turn the corner on this problem.

As most of you are probably aware, the City administration has recently announced a new program for transitional housing for individuals and families that will move the City closer to a more equitable distribution of shelter facilities. The plan indentified 20 sites, four in each borough: three family shelters for 100 families each, and one shelter for 200 single individuals. In addition to providing for the equal distribution of the 20 facilities, the City has sought the involvement of communities in the selection of sites. We believe that if communities are more involved in the process of developing shelter facilities, the programs are more likely to be accepted and successfully integrated. In addition, we will make every effort to identify community-based and non-profit organizations to operate the new facilities, which should also help to win community support.

Other new initiatives include the ongoing development of a two-pronged effort to reduce the number of families dependent on the City for emergency shelter. Under the first component, which focuses on prevention, our research department will identify criteria that can be used to predict whether a family on public assistance will become homeless, and generate a computer listing of households which meet these criteria. On a pilot basis, caseworkers from one or two of our Family Service Offices will be reaching out to these families to resolve the situations that can lead to homelessness. Another prevention initiative, which is already in effect, is the placement of HRA workers in the housing courts where, when appropriate, they can issue public assistance funds needed to avert eviction.

The second component involves an increased emphasis on helping families move out of emergency shelter. First, we will focus on one or two hotels and dramatically increase the ratio of caseworkers to families to 1:20, from the current 1:60. At the new ratio, and with relocation their specific objective, the caseworkers may be able to provide sufficient assistance to clients to enable them to find an apartment and move out. In a similar effort, we may assign housing specialists to the communities from which families now in hotels originally came. These specialists would provide a direct link for families with their former neighborhoods and would work with them and with local brokers and community groups to locate housing.

Through a corresponding, already existing program, called "Lend-A-Hand," we have been able to significantly reduce the time it takes for a family to leave a hotel after they have signed a lease for an apartment. By working closely with families to remove barriers to the move, such as a lack of furniture, we have reduced moving time from 30 days to seven days.

Having outlined my perceptions on the problem and shared New York's efforts to combat homelessness, I would like to return to my support for the legislation under consideration. In light of the magnitude of homelessness in this City, passage of legislation that will give us the tools to shelter the homeless and provide permanent housing is crucial.

Congressman Weiss' bill will provide a federal contribution, where there has been none, for building the shelters we must have to keep pace with the immediate need of the newly homeless. His bill would help with the development of the facilities in our new transitional housing proposed plan, which are essential to meeting the growing demand for transitional shelter.

The bill sponsored by Congressman Schumer and Senator Moynihan, which would help us to build permanent housing, has several strengths. By keying eligibility to families in poverty who are already homeless, it ensures that the funds will be targeted to the neediest people. Participation in the program would be optional for states, so the funds will flow where they are needed. The bill calls for a federal, state, and local partnership, a cooperative approach that is essential to stemming the rise of homelessness.

Our Department of Housing Preservation and Development calculates that rehabilitation of a unit suitable for a family of four costs $12,000 to $55,000 in New York City, depending on the state of disrepair. A federal contribution is a must if we are to develop sufficient units for the homeless families of today and tomorrow. Since this program will cost the federal government no moreover the next five years than the cost of emergency hotel rates, the enactment of this bill is not just the right thing to do, it is the smart thing to do.

As a new commissioner, the formulation of my goals and priorities is only now being developed and articulated. The prevention of homelessness, the administration of a progressive and supportive emergency shelter system, and the development of housing opportunities for homeless men, women, and children will clearly be at the top of the list. If New York City is to meet this challenge, we need federal assistance. I urge the passage of these bills.

Chairman FORD. Mayor, did I hear you say earlier that you had a 2 percent vacancy rate here in the city of New York?

Mayor KOCH. Yes.

It is actually a little bit less because the 2 percent vacancy rate includes noninhabitable apartments where people are living. In the New York City Housing Authority, for example, it is estimated that maybe 45,000 families are doubled up. We have in the housing authority 170,000 families or 600,000 people. And maybe as many as 45,000 are doubled up. Thank God they stay there rather than seek to come in to our temporary shelters.

Chairman FORD. That 2 percent includes what? I mean, is that 2 percent an overall vacancy rate?

Mayor KOCH. Right.

There is 2 percent of the total number of units in the city vacant.

Chairman FORD. Well, what are the main reasons for families becoming homeless?

Mayor KOCH. I will give some, and then I am going to turn it over.

Chairman FORD. Yes, your departments might want to respond to some of this.

But at this time, is it the insufficient way the grants of the AFDC benefits—I am trying to find out why is it that there is a 2 percent vacancy rate with the units in New York. Why is it that all these displaced families, or homeless are placed?

Mayor KOCH. Well, a 2 percent vacancy rate is practically no vacancy rate.

Chairman FORD. Well, even with a 2 percent vacancy rate, I understand that the city of New York would have a lot of units—right?

Mayor KOCH. The 2 percent vacancy rate is practically no vacancy rate because it is people moving from one place to another.

Chairman FORD. I am surely not trying to shift this to you. I understand that this is not a problem just in the city of New York. This is a problem throughout this Nation, and we have not had any new housing starts and units from a Federal prospective in the past 6 years under the Reagan administration.

Mayor KOCH. That is exactly right. That is the problem.

Chairman FORD. I understand that.

But I am just trying to get a better feel as to the main reasons for these families to become homeless.

Mayor KOCH. OK.

Maybe I will turn it over to Bill Grinker, who can address that question.

Mr. GRINKER. Well, I think one of the key reasons is that there is a lot of holes in the Federal safety net, and the kinds of problems that these families have, the kinds of issues that we face every night in terms of dealing with this kind of population where they need lots of support services, they need jobs, they need day care—all of these issues combined, Congressman, provide for a clientele whereby we have to get Federal solutions, such as your own welfare reform legislation, that I think you are planning right now to begin to deal with this.

Chairman FORD. What about the AFDC grant for a recipient? Is it insufficient for the AFDC person to have adequate housing, or a low-income affordable housing unit in the city of New York?

Mr. GRINKER. I think that the grant itself needs increasing because it hasn't changed very much over the years, but in fact, we can provide the housing if the housing was available. I think the basic problem is that as the mayor has said, there isn't enough housing here. If we had more housing, we could cover.

Chairman FORD. Should AFDC recipients have a housing grant available if they are a recipient of AFDC? Should they be eligible for a housing grant?

Mr. GRINKER. A portion of the AFDC grant is set aside for housing.

Chairman FORD. A portion, but should they have a direct grant that would protect them and provide housing for them?

Mr. GRINKER. I would have to look at that, Congressman.

Mayor KOCH. Let me jump in here because we have looked at that. Several years ago, the grant for a family of four—and it is set by the State, not by the city—was $218 a month for housing. And there wasn't any housing available at that rate. The State increased the grant to $270 a month. We believe that everybody who was formerly renting for $218, they will now charge $270. We don't think that really added to the housing in the city. Whatever the amount would be that the city, State, together with the Federal Government would provide, that is exactly what the rent would jump to. We don't believe it adds additional housing. Now, how do I know that?

Because there is another program, and it is done with the Federal Government and the State government; that if a landlord gives us an apartment with a lease for 32 months, we will give to that landlord $10,000 if he will use the money to rehabilitate the apartment, and will give us a lease at the rent set by the State for a family of that number. Only a few hundred apartments have come in. Now, what does that mean to us? That there aren't very many apartments. And why aren't there very many apartments?

Well, under the last budget of the Carter administration, they proposed $33 billion for housing. The Congress enacted $30 billion nationally, compared with the current Reagan administration, which proposed something like $2.8 billion for housing. And the Congress in its wisdom, enacted something like a little bit less than $8 billion. But none of it is used for new housing. It is only to repair existing housing.

When the Reagan administration says they are for a voucher system, which is what their big pitch is, it is a voucher to where? If there is no housing, you can't present a voucher. In the city of New York, we don't have the housing.

Chairman FORD. Is money the only real, real problem or barrier in finding the shelter for the homeless, Mr. Mayor, in your own town?

Mayor KOCH. It isn't money. It is money to build housing. It is that there is without question, a real shortage in housing for low income people. No question about it.

Chairman FORD. There has been a lot of talk about welfare reform that will be forthcoming hopefully in the new Congress. We

have not heard from the administration, but I understand that the policy council is prepared to report back to the administration. Maybe they have already reported to the President. Hopefully, there will be some welfare reform legislation forthcoming in this new Congress.

I understand that the new Speaker of the House has indicated that maybe there might be one committee with jurisdiction for maybe four or five different committees. I think the question was raised earlier as it relates to the Federal Government, whether or not the welfare reform legislation should have a major component addressing the housing issue, and welfare reform for welfare grants and welfare recipients to make sure that not only in certain States that have it in, and certain States and local municipalities have been able to do their job. But the Federal Government, knowing that we have not made a commitment in the past 6 years as it relates to low-income affordable housing throughout this Nation. And we certainly would like to, and I guess we will hear from your people here in a few minutes on what we should do as it relates to the reform legislation.

There will have to be major components, not only in housing, but in other areas, to make sure that we reform the welfare system in a fashion that will address the issue. You know, oftentimes we think, and I think someone told me this morning that there are about 4,600 families here in the city of New York who are homeless. And out of that, there are some 10,000 children. And I guess out of all of the welfare recipients in this nation, we sort of overlook the fact that two-thirds of those recipients just happen to be children.

Mayor KOCH. Sure.

Chairman FORD. And 50 percent of those on welfare just happen to come off within the first 2 years. And half of that 50 percent comes off welfare within the first year.

So, we are talking about a new class of poor people that we are faced with in this country. Many of them are out there because of the policies that have been passed into law, and instituted by this administration. And I am not going to shift all of the blame to the administration. You know, some of the blame will have to be shifted to the Congress, and we have a responsibility and an obligation to come back and reform a welfare system that will address the needs of the poor.

And I think cities like New York, and the State of New York—I will applaud you. I just regret that the emergency assistance component has not been opted out in my State. There is only, I think and you can correct me if I am wrong, staff, only 28 States in this Nation have even opted out for the emergency assistance component of the AFDC in the Social Security Act.

When we see States, knowing you have problems here, and a President who probably had not focused on the issue of welfare, the poor, and the homeless in this Nation. Even if he has, he certainly has not really adopted any policies or submitted any policies to the Congress in trying to make significant changes that would impact the poor and the homeless in this Nation.

I would just like to personally thank you. I think you are very courageous in what you have been doing. And hopefully we can do more to address the problem on the problems of the homeless.

Mayor KOCH. You are very kind and very generous. And I am very grateful.

Chairman FORD. At this time, Mr. Schumer?

Mr. SCHUMER. Thank you very much, Mr. Chairman.

Mr. Mayor, I tend to think quite frankly, that the city doesn't get enough credit for what it is doing for the homeless. It is a huge problem, but when I compare what New York City is doing compared to all the other cities throughout the country, it is enormous how much money we are actually putting in.

How much money did the city spend this year?

Mayor KOCH. $159 million for families, and a total of $274 million for both families and single individuals.

Mr. SCHUMER. Well, we have a long way to go, but I think it is totally unfair for people to take pot shots.

Mayor KOCH. Can I give you a little example of that?

Mr. SCHUMER. I shouldn't have opened my mouth, Mr. Mayor.

Mayor KOCH. No, no.

There was a New York Times article of about 2 years ago, and it read as follows: It said that in Hoboken, which is across the river in New Jersey, there was a church where the sisters decided to take in homeless because Hoboken did not have—and many, if not most cities in the country have no program where the municipality has an obligation to take care of people who do not have shelter. And our policy is that nobody will be turned away. Now, I am sure that some of the people who come before you will say that people have been turned away. If they have, and we would like to have the names, they have never given us the names although we have made that request. But if they had, it would be the individual employee who makes a mistake, because we have never run our of beds. They may not be the best, but we have never, ever had to turn anybody away because of lack of space.

Now, in Hoboken, the sisters in this church decided they would take in homeless. And the certificate of occupancy only allows 20 people to be in that church to be sleeping in. And so, this New York Times article said that when the 21st person came, and everyone thereafter that night, the nun standing at the door, very sorry that she couldn't take in more people, would say, "Here is a subway token. Go to New York City, they will take care of you." It is true because we don't turn away anybody.

And my recollection is of the single population, that something close to 10 percent are people who have been in the city of New York for a very brief period of time, and about 90 percent of that 10 percent are people who have come from another State. The best way I can demonstrate that to you is that a year ago, I think it was on Thanksgiving or Christmas, I don't remember which of the dates it was, when we took people from our Washington Armory, and put them onto buses and brought them to a church in Harlem, that asked us to bring people so that they could provide them with a turkey dinner, et cetera, which by the way, we provided the dinner, they provided the setting. Which was fine because it was much nicer than eating in the armory.

As people got off the bus, I would welcome them. A hundred guys from the Washington Armory got off. It was, "Hello", "Welcome", and, "Hello, Mayor". And then a guy gets off, he was in his late twenties, and he says, "Mayor, I bring you regards from Mayor Diane Feinstein from San Francisco." So help me, that is what he said. I said, "Thank you". Now, we didn't turn him away. We turn nobody away. But there are many places in this country where they do turn people away.

Mr. SCHUMER. Well, I think that point is well taken. And again, I find that certainly everything the city does, just as everything the Federal Government does, isn't perfect. But the city deserves some credit for everything it is doing, and for its generosity of putting its money where its mouth is.

Let me ask you a couple of questions: First, doesn't it boil your blood that we have to pay such a high amount of money for welfare hotels and can't build permanent housing? You have visited these hotels, they are disgusting. And somebody is making a fortune.

Mayor KOCH. There is no question about it.

Mr. SCHUMER. Without this legislation, do you have any choice but to do that?

Mayor KOCH. No.

And I will tell you, we would like always to be in a situation, and we did it with one hotel because there was a particular moment in time when for whatever reasons we had extra space, where we would like to back the space up, figuratively, to the hotel and say, "Your rates come down or we move the people out, and we've got this back up place where we are going to put them". We don't have that regrettably.

But when we were able to do that in one case, we actually were able to lower the rates. So, if we are able to use the bills that you and Ted Weiss have, so as to build more space more quickly, then we will be able to do that.

Mr. SCHUMER. That relates to my next question.

Chairman FORD. Would you yield, Mr. Schumer?

Mr. SCHUMER. I yield to the Chair.

Chairman FORD. But what steps are you taking, Mr. Mayor, in the city before you use that last resort of maybe using the hotels or the motels? I mean, what are you doing prior to using the hotels?

Mayor KOCH. I will tell you: Over the next 10 years, and it is in our capital budget, we will be spending $4.2 billion out of our capital budget and other funding sources, to rehabilitate or to build new housing to the extent of 250,000 units. And the largest number of those units will go to people who have no income, or a family income not to exceed $25,000. The balance will then go to those with a family income not to exceed $48,000, which is not a lot of money because a government employee gets the average salary of $20,000. So, we are not talking about rich people. But the largest number will be included there.

Now, we don't want to put people into temporary facilities, but we have to—otherwise they will be out on the street. When people tell you there are homeless, it is a word of art. There is nobody in the city of New York who must sleep in the streets, that would be truly homeless. But we also say you are homeless if you do not

have a permanent apartment. We include you as homeless if you are in a temporary facility. We have no option. We have got to put people into facilities that are readily available. But I am going to give you a real shocker. In the average year, and the statistic I have now is several years old, so it may be even worse today, 15,000 families come into our shelters. We only have 4,600 now. So, most of them find their own apartments. Most of them. But then some cannot. And they are coming in now at the rate of 100 additional families per month staying in the shelter for every 500 families leaving the shelter at the end of the month. And that is why the numbers are going up.

Mr. SCHUMER. Mr. Mayor, two more questions. First, if these bills were to become law, how long would it take for the city to actually start erecting the temporary and permanent shelters that people could live in; and second, how many units of permanent housing do you think we would need to deal with our homeless problem?

Mayor KOCH. Felice, who is in charge of construction, the first deputy at the department of housing preservation and development, says that we estimate that from the time that a shovel goes into the ground until you put the family into the apartment, is a 2-year period.

Second, as it relates to how many apartments, I can tell you that the estimates that we have of 250,000 units over the next 10 years is half the number that we would need to accommodate everybody who wants an apartment. I am not talking about homeless people, but I am talking about people who are doubled up or want to leave their parental home.

So, nothing that you can do in these two bills is going to end our problem, but it will mitigate the problem tremendously.

Mr. SCHUMER. All right.

Let me ask you a final question, and I appreciate the indulgence of the chairman, you had mentioned accurately that the amount of housing assistance that the Federal Government is doing has plummeted. It has gone from $31 billion to about $8 billion. Your figures are on target.

Let's say we had stayed at the $31 billion level, would we have a homeless problem in New York, and how much less would it be.

Mayor KOCH. We would still have, in my judgement, a homeless problem involving temporary shelter because you have to put people, when they come out of buildings that are uninhabitable or come out of the burned out buildings somewhere, but the problem would not be in this dimension.

Mr. SCHUMER. Would there be a permanent housing problem?

Mayor KOCH. We could ultimately overcome the housing problem, but not within a 10-year period. It will take more than 10 years with regular building and construction and moneys being available, for us to overcome the homeless problem.

Mr. SCHUMER. OK.

I don't know if you know, how many homeless were there in say 1980, before these cutbacks occurred?

Mr. GRINKER. I can answer that. There were 1,100 families.

Mr. SCHUMER. Could you give the numbers now so that we can compare them?

Mr. GRINKER. In 1982, we had 1,100 Homeless families, and 4,000 singles. Today we have about 10,000 singles and 4,500 families.

Mr. SCHUMER. So, it has gone up approximately three times?

Mr. GRINKER. It is 300 percent higher in the 5 years.

Mr. SCHUMER. And how much of that would you say is attributable to the decline in housing assistance?

Mr. GRINKER. A good percentage of it. It is hard to do a 1-to-1 correlation.

Mr. SCHUMER. I understand.

Mr. GRINKER. But clearly, we would be in a much better shape, had the tap not been turned off. And it keeps increasing.

Mr. SCHUMER. Ultimately you would say that the bottom line problem in homelessness is a lack of permanent affordable housing.

Is that accurate?

Mayor KOCH. Absolutely correct.

Mr. SCHUMER. Thank you.

Chairman FORD. Mr. Weiss?

Mr. WEISS. Thank you very much, Mr. Chairman. I only have a few questions.

I am sure that you were as flabbergasted as I was when the President made that statement at his press conference.

Mayor KOCH. I am getting used to his statements.

Mr. WEISS. Yes, right.

I wonder whether any of the national organizations, Conference of Mayors, League of Cities, and so on, have had occasion to use that statement of the President as a way of trying to meet with him to impress him with what you and the rest of the mayors across the country are attempting to do, and where the Federal Government has fallen down on the job?

Mayor KOCH. I sent a letter to him directly on that subject, and in fact, it is included in my formal statement, pointing out the error of his comment. I did not go further and ask to meet with him, but it is a very good idea that we seek to do that.

Mr. WEISS. I sent him a letter, and I still am waiting for a response incidentally. But I have been somewhat pleased by the fact that now, as compared to the 3 or 4 years ago, more of the mayors now are in fact reacting. Because the problem is becoming worse everyplace across the country at this point.

Mayor KOCH. Everywhere.

Mr. WEISS. Let me ask you about one specific, local problem, which I know has been fixatious as far as you are concerned, as the weather gets colder, and as families are forced out of wherever they are sharing apartments, we have noticed over the years that there are always stories about how youngsters and their mothers stay at the department of social services overnight.

What is your projection as to the capacity of the city to deal with families in those situations?

Mayor KOCH. I am going to turn it over to Bill and to Greg, but with a prefatory comment. In the past, we have had some problems, being swamped in the dead of night. At midnight, people would come in, and at 2 o'clock in the morning. In fact, when I first started going into these shelters, in our emergency assistance unit, EAU, that is our intake facility, I was distressed because I saw people sitting in chairs and sleeping. And I saw children who

should have been in cribs. And I directed that they bring cribs into the place, and under the best of all circumstances, to get people into the shelters, not the intake unit.

And in some cases, that was not done by some of the people there who were overwhelmed. Or sometimes, people would simply not want to leave. If they came in at 2 o'clock in the morning, and they knew that they were going to go to what they perceived to be a congregate shelter or a dormitory, they rather stay there, and wait to get into hotel room the next day. But we have given strict orders that it is no longer a question of whether they want to go into a shelter or not, we place them in shelters. We will not permit them to sleep in the emergency intake unit, and the way we do some of that is to have the emergency intake unit directly in a congregate shelter. For example, on Catherine Street, you can take them from the intake unit, which is the wing of that congregate facility, and we can then give them a bed in that same building.

Am I stating it correctly, Greg, if I have made a mistake, correct it.

Mr. COLECHIAN. Mr. Mayor, we haven't opened up yet, but that is the plan and that will be happening within a month or so.

Mayor KOCH. You haven't opened it yet, OK.

I don't know if I have responded to your question.

Mr. WEISS. I think that you have.

I assume that you are not placing families with young children into these open armory floors?

Mayor KOCH. Greg is in charge of that, and maybe he can tell us exactly what they are doing.

Mr. WEISS. Right.

Mr. COLECHIAN. The shelter system as presently designed, provides for congregate settings as an intake facility only. After 21 days, under State regulations, they are removed to what are called tier two facilities, which include private rooms. Those facilities are all in development now. We are also working with HPD to develop in rem apartments, and move people out to in rem apartments, especially those who have been in the hotels for the longest period of time.

We recently initiated a special pilot program where we give intensive social services to clients where they have identified an apartment through the in rem program, and we have reduced the amount of time in moving people out of hotels and into apartments, from roughly 30 days to 7 days.

Mr. WEISS. But if I understood you correctly then, for the first 21 days the mothers with young children who come into the intake facility are placed into the open congregate shelter setting.

Is that the idea?

Mr. COLECHIAN. Well, in terms of our tier one facilities, they are not armories. They are generally buildings such as day care centers, which have been retrofitted. There are rooms which house generally no more, in terms of sleeping areas, than roughly 15 individuals. So, it is congregate in that sense. It is not the armories we use for the single adult population, where you would have conceivably as many as 1,000 people on one large armory floor. It is not that.

Mr. WEISS. All right.

And are these limited to families that are in the single setting, or is it mixed families and single people?

Mr. COLECHIAN. No.

The families are separated from the single population.

Mr. COLECHIAN. Thank you very much, and thank you, Mr. Chairman.

Mr. SCHUMER. Mr. Chairman, one more question of the Mayor.

If this legislation should not pass, then you have no choice but to keep putting more and more people into welfare hotels?

Mayor KOCH. That is correct.

Chairman FORD. Mr. Mayor, tell me again, you mentioned about 500 people per week walk into these shelters?

Mayor KOCH. 500 families, multiply that by four, 2,000 people.

Chairman FORD. 500 families per week walk into these shelters?

Mayor KOCH. 500 families per month.

Chairman FORD. Per month.

Mayor KOCH. Right.

Chairman FORD. 400 of them walk out of the door and find some place to live?

Mayor KOCH. 400 families are either placed on their own, which would be the overwhelming number; or are placed through our system.

Chairman FORD. Do you have any information as to where they might be going, are they finding homes or apartments, or units here in New York, or are they leaving town?

Mr. GRINKER. Well, most of them are staying here, Congressman. Obviously, because of the housing crisis we have, they are going back and doubling up with other families in the city, or they are finding other shelter. And many of those who are coming out, are coming back in again. It is a revolving door because there just isn't enough housing.

Chairman FORD. Your New York Times article, or editorial I guess, the one that President Reagan referred to dated November 19, in one paragraph it says here, and I guess it was being critical of the hotels and the moneys that were being spent, and it talks about the families. It says, "Why not give them the money?"

Mayor KOCH. Give the families the money?

Chairman FORD. Why not give the families the money?

Mayor KOCH. That wouldn't help, and I will tell you why.

Chairman FORD. 400 families walk out of the door out of 500 per month, and the statute under the Emergency Assistance Program would permit you—some cities or some States give them cash.

Mayor KOCH. It would not help.

Chairman FORD. If 80 percent of the families are finding shelters and homes——

Mayor KOCH. Without the money.

And the others, if you gave them the money, would not. Because when I say without the money, we pay. In most of these cases, most of these people are on welfare, and we pay their rent. And they are able to go out and relocate by moving in with a family member. Or if they are lucky, finding their own apartment.

The reason I know that if you gave them the money, it wouldn't increase the number of spaces that are available is because we have the following plan, as I said earlier, we give to any landlord

$10,000, who is willing to give us a 32 month lease for a family under your limitations set by the State with respect to the monthly rent. And only a few hundred apartments have actually been offered up to us. Notwithstanding what you and I would consider to be great largess, $10,000.

We have another program. We said to the individual welfare family. We've got this $10,000. You go and find the apartment, and we will split it in some form between you and the landlord. And that brought us practically no apartments. So, we are in fact, doing what you are saying in a different way. Saying to them, go out and get your apartment. We've got $10,000 for the landlord and you. And that particular program brought in practically no apartments.

Chairman FORD. Is that right?

Mayor KOCH. Yes, sir.

Mr. SCHUMER. Just a comment to ask Ms. Michetti, which is I take it when real estate experts hear about a 2-percent vacancy, that means there are no free apartments. It is 2 percent only because someone has moved out for a month. The next family hasn't moved in.

Is that accurate?

Ms. MICHETTI. That is correct.

Mr. SCHUMER. OK.

Chairman FORD. How many apartment units would the city own here in the city of New York?

Mayor KOCH. I can even tell you that. The city of New York has roughly 8,000 buildings.

Chairman FORD. Out of 8,000, how many substandard units would you have that you need to refurbish?

Mayor KOCH. Well, in those 8,000 units, we have 42,000 apartments that are vandalized. That are not occupied. And when we started our program 3 years ago, we began with the apartments that were the least vandalized. And those would be apartments that are in occupied buildings but are vacant vandalized apartments. And there, the cost was roughly $12,000 on the average to restore that apartment, because the basic systems were still in the building.

And then, as we eliminated those, we got up to where it cost us $25,000. And now, where we are in totally abandoned, vandalized buildings with no heat, and no systems, no plumbing, no roof, and so forth, the cost to us can range between $40,000 and $60,000. That is what it costs. Now, we have estimated that if we were to restore all 42,000 apartments immediately, and we are doing them at the rate now of 3,600 a year, that it would cost a little bit less than $3 billion. That is the cost. And we can't spend $3 billion frankly.

Chairman FORD. That is the question that I want to raise now. When we look at the Federal, State, and local governments. I mean looking at the various levels of government, tell me, where would the respective responsibility fall—would it be with the city, State, or Federal Government, or should it be a joint venture with all three areas?

Mayor KOCH. I will tell you, Congressman, traditionally, historically, low-income housing was provided by the Federal Government, because the private sector will never build low-income hous-

ing because they can't make a buck, and the private sector in our society only operates if they can make a profit. When you had section 8 housing, that brought them into it, but that was actually Federal dollars building through the private sector by various mechanisms, tax devices, and otherwise.

So, traditionally, that has been the case. We, the city, have stepped in to do something that cities are not geared to do. Because when we take out of our budget, ultimately billions of dollars, it means that the traditional work that we do as a city, which is to repair the highways, to put in sewage, to repair the bridges, to create new school buildings and so-called intrastructure, out of our total capital budget. And our capital budget, which is quite huge, is $2 billion a year. We have to take it away from the traditional areas that cities are supposed to be building, and put it into the area of housing, where the Federal Government was building.

Chairman FORD. Thank you very much, Mr. Mayor.

Are there further questions from Mr. Schumer or Mr. Weiss?

Mr. WEISS. Just to conclude the statement that you just made though, in a sense, you have no choice. If the Federal Government does not do the job, than in fact, you have to.

Mayor KOCH. We are doing it. We are doing it.

We are building now for welfare families alone, 3,600 apartments a year. We did 7,800 in the last 3 years. We hope to build that goal up to 4,000 a year.

Chairman FORD. When we talk about the homeless, I would assume that 4,600 families would qualify maybe for the emergency assistance, but what percentage of those 4,600 families would be AFDC recipients?

Mr. GRINKER. Almost all of them.

Chairman FORD. Almost all of them. I mean, all would qualify for the emergency assistance, but how many would be the grant AFDC recipients?

Mr. GRINKER. Almost all.

Chairman FORD. OK.

Mr. SCHUMER. One other question I have, if the Schumer bill were to become law, I take it almost all the housing that you would build would be rehabilitated housing, rehabilitated, city-owned, in rem housing?

Mayor KOCH. Right.

Mr. SCHUMER. With very little new construction, and very little non-city owned?

Mayor KOCH. Correct.

Chairman FORD. Mr. Mayor, I want to personally thank you again, and wish you a happy birthday once again.

Mayor KOCH. Thank you.

Chairman FORD. I would like to thank also, Mr. Grinker, also Ms. Michetti, and Greg Colechian. Thank you very much for coming. We are delighted to have you, and thank you all very much.

Chairman FORD. At this time, I would like to take a 5-minute break because we started on time and I did put 10 minutes within the schedule to take a break. Since I think the borough president, Mr. Dinkins, might be enroute here, and the commissioner is enroute, so why don't we take a 6-minute break for coffee.

The subcommittee will stand in recess for 6 minutes.

[A short recess was taken.]

Chairman FORD. Now, we will hear from the commissioner of the New York State Department of Social Services. I am delighted once again to have him come before the Public Assistance subcommittee to testify. This is not his first appearance before the Subcommittee. He has had valuable information that he has given us in the past, and so we look forward to hearing from you today.

As you know, I guess, the subcommittee will be looking at welfare reform in the coming months. I don't know how that will be structured in the Congress with all of the different committees with jurisdiction in certain areas. We will probably just want to go broad and reform the AFDC program, because health care, housing, nutrition, and all of those other components must be a part of it.

You have been very beneficial to us on the subcommittee level, and we are very proud of that and appreciative of it. At this time, we would like to recognize you to testify before the subcommittee.

STATEMENT OF CESAR A. PERALES, COMMISSIONER, NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES

Mr. PERALES. Thank you very much, Mr. Chairman, and Mr. Weiss and Mr. Schumer. It is a pleasure for me to appear before the subcommittee. And let me just add, if I might, a personal note that to the extent that this subcommittee is involved in the question of welfare reform, I think that I can speak on behalf of not just the commissioner of social services of New York, but several other social service commissioners. And we hope very much that you will be part of those rather important deliberations that we know will be taking place this coming year.

I appreciate your concern for the homeless as shown by today's hearing. There is no more basic test of the values of a society than how it responds to the plight of its most vulnerable citizens. And certainly that is who we are talking about when the subject of families who lack a roof over their heads is being discussed. Tonight, in this city, more than 25,000 people will be in emergency hotels, motels, and shelters. Their plight is a rebuke to our claim to call ourselves a just society, and a challenge to our ability to respond with commitment, compassion, and resources.

It has become commonplace to remark on the paradox of poverty amid plenty. The phenomenon of growing extremes along the income distribution scale is, of course, a national one. Like many other trends, however, this one is acutely more evident in New York than in many other parts of the country. Norman Mailer recently spoke of "our good city New York with its 30,000 millionaires and its 30,000 homeless." He was not too far wrong on either count.

These hearings focus on one particular group of the homeless, namely homeless families. Tragically, I must report to you that their numbers, too high at any level, have reached alarming proportions and continue to grow.

During the past 3 years, there has been a dramatic rise in the number of homeless families in New York State. In October 1983, there were 1,832 homeless families in temporary housing in New

York City alone. By September of this year, that figure had risen by 150 percent to 4,476. This includes a total of more than 16,000 persons of whom about 11,000 are children.

Outside the city, too, the numbers of homeless families have also grown, more than doubling between 1983 and 1986. The problem is becoming particularly acute in suburban counties, where growing poverty and rising housing costs combine to create a real crisis. Of all the counties outside New York City, the severest problems are in Westchester County, where latest estimates indicate that there will be over 650 homeless families with over 1,200 children.

Although New York State is perhaps experiencing the largest visible homelessness problem in the Nation, I think that under the leadership of Governor Cuomo, we are also in the forefront when it comes to attempts to meet the needs of the homeless. We have, in fact, I think assumed a real leadership role in this area. Let me tell you about some of our responses to the crisis.

In 1983, Governor Cuomo created the Homeless Housing and Assistance Program. This program provides State funds for the capital construction grants to projects which will develop permanent, transitional, and emergency housing for the homeless throughout the State. Among housing production programs, this one is unique in its combined emphasis on both housing and services: HHAP's focus is not only to provide housing, but also to provide support services to families, as well as individuals, for whom homelessness is likely to reoccur unless support services are provided. Governor Cuomo recently announced the fourth set of grant awards under this program, bringing the total amount of State funds awarded over 4 years to $70 million. These State funds are leveraging additional dollars from other public and private sources.

At a press conference several weeks ago, President Reagan, reacting to the amounts sometimes paid to hotel and motel operators to provide accommodations for homeless families, asked why this money is not just used to buy housing for these families. The President was apparently unaware that his own Department of Health and Human Services refuses to permit use of regular public assistance funds for this purpose.

We are in New York, however, to a very limited extent, attempting to reach a similar result, if by a somewhat different route. Through the Emergency Assistance Rehousing Program, which we call EARP, money that would normally be paid to hotel operators for temporary housing is diverted to landlords as an incentive for them to provide habitable permanent housing for homeless public assistance recipients. Since 1983, New York City has placed over 2,000 homeless families into permanent housing through EARP. Two other counties are also conducting similar programs on a much smaller scale than New York City's, and two more have requested State authority to do this.

Let me move on to another area. Because of the increasing numbers of families being placed in hotels, concern arose about the health and safety conditions in many of these hotels. As a result of this concern, I promulgated regulations in 1983 which established health and safety standards for hotels and motels which shelter homeless families. These regulations cover maintenance, repair, vermin control, sanitation and security. They also require such

things as adequate furniture, window guards, and clean linen, and provide for periodic inspections by the local districts of these facilities to ensure that State standards are being met.

In addition to using hotels and motels to shelter homeless families, homeless families are also placed in group shelters. More than 1,000 families will sleep in such temporary shelters tonight. As reliance on family shelters grew, it became apparent that standards should be developed which effectively protect and provide for the life, health, safety and comfort of these families living in these facilities, and which ensure that such families receive the services and support necessary to help them secure permanent housing. As a result, this past summer I promulgated regulations that would govern the conditions in these family shelters.

New York State has taken several additional administrative steps which can help prevent homelessness, as well as to respond to the needs of those who are without homes. I will not read them here, but they are listed on a sheet attached to my testimony.

In addition to these steps, in January 1984, the State raised the amount of money welfare families receive for rent by approximately 25 percent. Unfortunately, whenever States make an attempt of this nature to meet the ever-increasing cost of housing, due to Federal policy, the increased public assistance is counted as income for food stamp purposes at a rate of approximately $1 for every $3 increase.

This policy is also a particular obstacle in our attempts to provide for families already in emergency housing. As you may know, most of the hotels and motels lack cooking facilities for the families that are placed there. New York State, therefore, provides an extra allowance in recognition of the additional expense of eating in restaurants. Again, Federal policy also includes this extra allowance as income, and again, reduces food stamps to these same families.

Temporary and transitional housing has, unfortunately, become a major and expensive service. This year, New York City will spend about triple the amount spent in 1983 to secure hotel and motel accommodations. Westchester County, whose expenditures for the homeless were negligible 3 years ago, anticipates they will have to spend $32 million next year.

We need to devise even more imaginative programmatic initiatives to respond to this crisis. Even with our best efforts, however, it is likely that the need for temporary and transitional accommodations, and the costs, fiscal and otherwise, associated with them, will continue to grow.

The basic and primary need is to increase the stock of permanent housing available and affordable to low-income people. There is, simply put, an acute shortage of low and moderate income housing in many areas of this country. This shortage is particularly acute in New York State, especially here in the downstate metropolitan area. The housing market is very tight in New York. For instance, in 1984, the net vacancy rate in New York City was 2.04 percent. Low-income housing is virtually unavailable; for rents under $200 a month, the 1984 vacancy rate was just 0.37 percent, thirty-seven hundreths of 1 percent. Between 1981 and 1984, the number of units in the city renting for under $200 a month fell from 437,000 to 265,000. Studies estimate that 200,000 additional

low and moderate income apartments are needed in New York City to bring the housing market into balance.

The situation in the suburban areas may be even more serious. In Westchester County, where the average home now sells for over $300,000, one-bedroom apartments rent for between $600 and $700.

While the housing shortage may not be the only cause of the problems of the homeless, it is certainly one of the most critical. Yet, in the face of this acute need, what we have witnessed over the last 5 years is a dramatic lessening of Federal housing support. The fact is that the Federal Government formerly played the major role in the provision of housing, and in helping low and moderate income families secure decent housing. The commitment to section 8 and related programs has been withdrawn. In doing so, the Reagan administration has offered the unfounded explanation that the housing supply is currently adequate to meet the demand, and that only rent vouchers are needed to assist low-income people in finding a decent place to live. What we must realize is that there are no inexpensive solutions. The most efficient one, and the most effective, continues to be at the Federal level.

I have described to you today some of the steps we are taking to try to fill the gap. I feel we lack the resources and authority to do this adequately. The growing numbers of Homeless families are testimony to the need to tap every available source of support.

In the absence of necessary Federal support, what kind of things need to be done? Well, the two proposals before the Subcommittee today by Mr. Schumer and by Mr. Weiss, would offer some measure of relief in terms of increased flexibility in the use of EAF funds. Both bills, in addition to other potential uses, could potentially allow New York to use Federal dollars to supplement our HHAP program, which I have already described.

These bills have the great merit of providing at least some means for channeling Federal funds directly into the struggle to increase the supply of housing. At the same time, however, it must be recognized that they represent a second-best choice. We should not have to rely too heavily on any such diversion of EAF funds. The burden of remedying the housing shortage should not be placed on welfare budgets at any level of government.

In closing, let me say that the challenge of providing for homeless families is both of great urgency and of great magnitude. New York has developed numerous emergency housing services and related types of aid, drawing an EAF and other available funding streams. However, as costs continue to mount, we are still faced with the fundamental problem: That there is an acute shortage of housing that lower income families can afford. The only true remedy is a broadly based Federal initiative designed to meet fundamental needs.

[An attachment to the prepared statement follows:]

ADMINISTRATIVE MEASURES

The payment of room and board allowances for ADC recipients purchasing room and board.

The payment of a personal needs allowance for ADC recipients, including children, in room and board situations.

An increase in the hotel/motel per diem rate to help assure that temporary accommodations will be available when needed.

The provision for the payment of household moving expenses between temporary accommodations.

The elimination of the sixty day limit on the storage of furniture and personal belongings.

An allowance for the rental of a refrigerator for families in hotels when a refrigerator is available on a rental basis.

An extension from 60 to 180 days the amount of time a local district can maintain housing accommodations for recipients temporarily in medical facilities.

An advisement to local social services districts as to their responsibilities to provide temporary accommodation for the homeless.

The elimination of the one-time only limit on an allowance to purchase essential furniture and furnishings necessary to establish a home.

Chairman FORD. Commissioner, thank you very much.

You know, one area that I was making some notes on was on page 4. You say New York State has also taken several additional administrative steps which can help prevent homelessness as well as respond to the needs of those who are without homes.

You have on this, the last sheet after your testimony, the administrative measures. You talk about an increase on item No. 3. An increase in the hotel/motel per diem rate to assure that temporary accommodations will be made available if needed. Is that in addition to the emergency assistance, the per diem per person?

Mr. PERALES. Well, we actually set that rate. Every State has the ability to decide how much can be paid for hotel accommodations, for example, to house emergency families.

Chairman FORD. What do you consider temporary housing?

Mr. PERALES. What would I like to consider temporary housing?

Chairman FORD. I mean, what do you consider temporary housing under these administrative measures?

Mr. PERALES. Well, quite frankly, what we are doing is paying as long as it is necessary to house a family in a hotel. Temporary today often means a year, and we continue to pay this hotel/motel rate.

Chairman FORD. Can you usually find permanent accommodations after a 12-month period or within a 12-month period?

Mr. PERALES. Well, the city has regularly informed me that in making their best efforts, they could usually move families out within a year. The period of time that it has taken them to move families out of hotels has increased over the years. In other words, it is getting harder and harder to find accommodations for these families and, therefore, they stay in hotels for longer and longer periods of time.

But there is no question that as the number of units that families can afford decreases, it is going to be that much harder to get them out of hotels. And my great nightmare is that this homeless problem is going to become a permanent way of life in New York City, not just in hotels and motels, but in group shelters.

Chairman FORD. There has been a lot of criticism about welfare hotels, and when we see measures talking about increasing the per diem on the rate, it creates another fold of problems from the media, as well as from our President, who has been very critical here in recent weeks.

I was looking at these administrative measures, not only from your State, but you have been very helpful to the Public Assistance Subcommittee in the past. We are going to have to now write some reform measures for welfare, and hopefully that will take place in

the very near future. I am looking at some of these measures, and surely we can seek the help from you. I know you are focusing directly in on your State. I am very unfortunate to be from a State, we have not opted out for the emergency assistance. You are far ahead of us in Tennessee. We have not opted out for the two-parent family program, so a father can live in his house when the kids are receiving aid to dependent children.

Looking at these measures, I certainly would seek the help from you and your office in working with us on the welfare committee. There are some measures here that are difficult to focus on.

Mr. PERALES. Let me comment on that, because it is tough. I agree with you. It is a terrible public relations problem when you have to say that you are paying these very high rates to hotel operators. But I think the choice that I had to make when I was asked to raise the allowance by the city government is whether or not to say to a locality like the city of New York, you alone will have to bear support of that. If the hotel operators are charging you more money, only you, New York City taxpayers, pay for it. Or whether or not I would raise that allowance so that there would be Federal and State participation in the costs. And I think it would have been wrong for public relations reasons to refuse to increase that rate.

That is to say that I talked to the local commissioners of welfare in each of the counties and said to them, "You have to be a lot tougher in negotiating these rates with these landlords." I am not convinced, as landlords often threaten, that they will pull out of the business unless these rates are increased. But I can understand the pressures on local governments, particularly in the city of New York, to try to pay those rates that are being demanded by those hotel operators. So, I think you would understand the difficulty I would find myself in.

Chairman FORD. I understand that this is designed for your State and all, but I am seeking the help from you and your office to work with us in the coming months. I mean, we are going to have to address this problem and New York will have to be included. But at the same time there are only 28 States that have opted in to the Emergency Assistance Program, and we are going to have to design a program that we place the right component in welfare reform that would even carry this one step further, and hopefully would give the assistance that will be needed with a major housing program for low-income affordable housing for those who receive grants under AFDC.

Mr. PERALES. And obviously, if that were done, it would decrease the pressure on local governments who have to desperately find hotel accommodations, and who I think are regularly being held up by unscrupulous hotel operators to pay these high rates. Obviously, if we had some permanent housing available, the pressure would be off. And I think government could then take a much tougher stand with these hotel operators.

Chairman FORD. Let me change the subject just for one second. How is the welfare program coming along in the State of New York now within the reform measures that you have sort of a work training and education program in place now.

Is it too soon to try make any judgements?

Mr. PERALES. Well, we can make some judgements. It is too soon for us to talk statistically about what we have done, but the one real evidence is that more and more people are leaving the caseload for reasons of earned income. We now make a real effort to note when people get off public assistance roles, which is something I would encourage be done on a national level, so that we know why people are no longer on welfare. And we do detect a dramatic increase in earned income. Particularly from those individuals who have been involved in one way or another in our employment related activities.

In New York State we have a variety of activities that are offered to public assistance recipients from job search support to grant diversion, which the employer gets.

Chairman FORD. How strong is your training component of your program?

Mr. PERALES. It varies from county to county. It varies on what kind of access we get to JTPA funds, which in many parts of the State, public assistance recipients do not get a fair share of JTPA slots. But I like to think that as a result of the increased focus on employment related activities for welfare recipients, we are doing better in terms of job training now then we were 3 or 4 years ago.

Chairman FORD. Do you have anything in place now for a teenager that dropped out of high school for pregnancy to avoid any multiple pregnancies in the future, do you have any type of education service program that is in place?

Mr. PERALES. Yes.

We have two distinct programs. One is a substantial grant program, a multimillion-dollar program in which we are funding community based agencies to provide special teenage pregnancy prevention programs.

Chairman FORD. Not the prevention side.

What happens in New York, under your program now, if there was a pregnancy to take place and the young lady dropped out of school in the 9th or 10th grade? She is not going back because of no day care. She is now 19, 20, or 21 years old. Maybe multiple pregnancies have taken place since then. She still did not complete the 9th or 10th grade.

Is there anything for her?

Mr. PERALES. Yes.

Let me try to rattle them off because I think they are useful experiences for other States. One is that we have a special child care program for which these woman are entitled to, so it is a separate pot of money; a discrete pot of money for teenage parents with a child. Second, we are experimenting in seven parts of the State with what is called case management. Case management is rare in New York State. We are assigning a particular caseworker to work with this young woman in terms of all of her needs to ensure that these specially trained case managers identify the educational activities that might be available to them, special job training programs, make sure that they get the day care that they may need.

Otherwise, what happens is that they get lost. All they do is get a check. And that has been the traditional way of providing public assistance for everybody.

Chairman FORD. Are you saying that those individuals receive something equivalent to a high school education, and offer them some type of skill to go into the work force?

Mr. PERALES. Yes, exactly.

That is the primary focus of this case management project. And it is too early to have any results in. In addition, we have just announced a $10 million grant award to 10 different programs, approximately $1 million program in each one of these 10 places that will work specifically with those young women, to provide them with the education and the employment that they need. For example, in Buffalo, we are having a particular college take this on so that there will be a program that this college will be running for teenage parents. In other parts of the State, they are trying different approaches, but we are investing $10 million and trying to demonstrate that if you can get to these young women early enough, you can prevent that second pregnancy. And as soon as we have some real evidence of how these programs are working, I would love to get back to you.

But the fact is that Governor Cuomo has taken it on as a personal interest, and as a personal interest of the First Lady, the plight of what he has called, children having children, and the impact that has on the public assistance system. I think we are doing a great deal in New York.

Chairman FORD. I think you are too, but naturally it is too soon to really gauge or evaluate your program that is in place. But we will be in contact with you from the subcommittee level, and in talking with you, and hopefully we can have a bill before the committee within the next 90 days on welfare reform.

Mr. PERALES. Well, I look forward to working with you, Mr. Ford.

Chairman FORD. And I look forward to working with you and your input into this new bill.

Mr. Schumer?

Mr. SCHUMER. Thank you very much, Mr. Chairman.

My first question: When the mayor was here, he seemed to characterize the No. 1 problem creating homelessness is a lack of permanent affordable housing.

Do you concur with that?

Mr. PERALES. Yes, absolutely.

Mr. SCHUMER. Second question: You have made your comments on the bill clear, and I am so glad that the State is supporting it. What could the city do better on its own in terms of the homeless problem?

I know that you could take 3 days, but if you could just give us a little, because I know there has been so much heat, and I wonder how much light there has been on the whole homeless issue?

Mr. PERALES. Let me just say that in the broadest sense I think there has been inadequate planning for a crisis that anyone of us could have predicted. I think that we knew some time ago that we were running out of available housing for the poor. That to find ourselves having to open school gymnasium floors to house homeless families on a regular basis, I think speaks to the inability to plan well for the crisis.

So that while I fully understand that the mayor articulates the fact that New York City spends more than any other place, I am

afraid that the problems in New York City continue to be worse than any other place. And I can't help but believe if there had been some better planning, some of these problems could have been avoided.

Mr. SCHUMER. What could they have planned for?

Mr. PERALES. Clearly, for the number.

Clearly, if we had known that there were going to be so many families, I think I recently read that the mayor has come forward with a plan that is going to distribute the number of families equitably throughout the city. But it is a recent plan.

Mr. SCHUMER. But right now, the city is aware, Commissioner, that the number is going to grow.

Mr. PERALES. That is right.

Mr. SCHUMER. And it seems to me that they have two choices: They can either spend more money out of the capital budget than they have been spending, or they have to muddle through the way they have. And neither is a very pleasant choice, given a city that is stretched for money in every different direction.

Do you have any wisdom on that, because planning for what is, I guess, my question? If they have four people on the telephone every night, as I understand it, calling up every spare place under the Sun——

Mr. PERALES. But I don't consider that planning.

Mr. SCHUMER. No, I agree.

So, clearly, the desire is there. Clearly, they also have financial constraints. How do you fit in between the two?

Mr. PERALES. Well, I think we are going to have to make some tough choices, and I don't think you can avoid investing resources in order to save money in the future. You don't save a lot of money by putting families up in these hotels that are found by these four people who are desperately making phone calls.

It is a tough choice, but I think it would have been better if money had been expended on capital construction. For example, Governor Cuomo developed the Homeless Housing Assistance Program in his first year in office.

Mr. SCHUMER. How much is the State spending compared to the city, on EAF?

Mr. PERALES. We match.

Mr. SCHUMER. I mean not on the matching funds.

The mayor, in terms of housing, said before that the city was spending $300 some-odd million a year, I forget the numbers.

Mr. PERALES. Well, I can't respond because I don't know what those numbers are.

But let me tell you, for example, that the EARP money that I described before, emergency assistance money, we are matching dollar for dollar with the city.

Mr. SCHUMER. No, these are not matching.

How much in nonmatching funds is the State expending?

Mr. PERALES. The State has two programs that I am personally involved with. One is the Homeless Housing Assistance Program. We have invested $70 million since the Governor came into office, and I was about to make the point that it was before a similar program was put in place by the city of New York.

Mr. SCHUMER. Right.

So, that is $70 million over 4 years?

Mr. PERALES. For homeless housing.

Mr. SCHUMER. Right.

Chairman FORD. For the city of New York, or for the State of New York?

Mr. PERALES. For the State.

Mr. SCHUMER. I am just trying to get at here, Mr. Chairman, first you have a question of limited resources and where more of them can come from, if not from this particular area.

Mr. PERALES. And there is something known as the housing trust fund, which is about $50 million a year.

Mr. SCHUMER. Where does that come from?

Mr. PERALES. That is really just State money.

Mr. SCHUMER. State funds?

Mr. PERALES. Yes, exactly.

And the Governor has been the driving force behind this concept of floating a bond, and having it be paid for by the resources by Battery Park City.

Mr. SCHUMER. Right, and I think that is a great idea.

Mr. PERALES. So, I think what I am trying to say is that the State has been more than a partner in trying to address this problem. And we have invested substantial amounts of money.

Had we been able to do it earlier, had Governor Cuomo been in office earlier, I think we may have been able to avoid some of these problems.

Mr. SCHUMER. So, you say that the State is spending about all it can right now?

Mr. PERALES. Are you asking me that as a representative of the State government, or as the social services commissioner?

Mr. SCHUMER. Well, I am asking you as a concerned citizen, I guess.

Mr. PERALES. We'd always like to do more.

Mr. WEISS. Would you yield, Congressman Schumer?

Mr. SCHUMER. Yes, I would be happy to yield, Congressman Weiss.

Mr. WEISS. Commissioner, what is the status of the bond funding from the Battery Park City Program?

Mr. PERALES. As I understand it, it is the city that at this point has to float that bond. I am not familiar with the details of it.

Mr. WEISS. My subcommittee held hearings on homelessness at this very spot over 2 years ago. And the Governor was good enough to come and testify. He floated that idea at that time, and he was very excited about it. But my sense of it is, that for whatever reason, bureaucratic or otherwise, it is a great idea that has not yet found itself being implemented.

Is that correct?

Mr. PERALES. Well, the Governor did get the legislation.

Mr. WEISS. Right.

But we don't have any housing for the homeless.

Mr. PERALES. That is correct.

I don't know the answer. I am not trying to avoid the question. I absolutely do not know what has happened in terms of floating that bond, except that the State government did grant the authority for the floating of that bond.

Mr. WEISS. Thank you.

Thank you very much, Congressman Schumer.

Mr. SCHUMER. I don't know if this comment is fair, but if you had this commitment of the city's resources with the State sort of planning, which I commend you, I think you are right. The State thought about it and seen where to get the most bang for the buck, we might be able to stretch the resources further, but at the bottom line it seems to me that unless there is some kind of Federal help, we are going to stretch, and we are going to do this and we are going to do that, but we are not going to solve the problem—even close to what we would like to.

Is that accurate?

Mr. PERALES. That is absolutely correct.

Chairman FORD. Commissioner, thank you very much.

Mr. PERALES. Can I just make one final comment.

These two gentlemen, I think they are doing a very, very important thing in introducing these pieces of legislation. And certainly if we had it, it would be very, very useful to us.

But I do think that we can't solve the housing problems of poor people on the backs of the welfare system. I spend too much of my time trying to defend the welfare system from being a too bloated bureaucracy, as being money misspent. And to use the welfare system to undertake to solve the housing problems of America, I think would be a mistake. While it is an immediate way of addressing the problem, I would just caution all of you, and I know that you understand this as well as I do, that this is a housing problem. Let's not forget the Federal Government has a responsibility to provide housing for poor people, whether or not they are on welfare.

Chairman FORD. If I heard you correctly, you support the legislation that the two gentlemen here on the panel have already introduced?

Mr. PERALES. Yes.

Chairman FORD. And I think I hear you very loud and clear that we need a major housing program or programs in this country to address many of the housing needs in America today. I hear you.

Congressman Weiss.

Mr. WEISS. Yes.

Let me just address one question to you, Commissioner. This is on the welfare hotels and the cost. Our legislation is intended at least to make better use of the moneys that the welfare system provides at all levels for that purpose. But it seems to me that there are two elements to that waste. One is that spending anywhere from $1,600 to $3,000 a month for a single room with a mother and three children is just really outrageously expensive. But that aside, the second part of the problem, as you know better than anyone else, is that the facilities themselves are just awful. And that the conditions under which people have to live are just awful.

Now, the question that I have is has there been any thought given to having the State and/or the city to come in and lease those hotels and operate them by the State and/or the city. Because at the very least, you would be getting something better for the money that is expended than what you are getting right now?

Mr. PERALES. Even better than that, we have voluntary agencies—not bureaucrats—voluntary agencies willing to take over some of these hotels. We have a model in the west side of Manhattan run by the Red Cross. I have personally spoken to a number of other voluntary agencies who said we would be prepared to operate entire hotels if you could be a broker for us with the hotel owner. It is something that I have been urging upon the city of New York. I am at this very moment trying to negotiate, on behalf of the city, with a couple of hotels where I think there are voluntary agencies who will do that.

And I would suggest if you have not seen the Red Cross Hotel, that you visit it. It is a model, and it is run by a charitable organization. You can house people decently in a hotel-type atmosphere. And you were perfectly correct, that is what we ought to be doing.

Chairman FORD. If you would yield that question a minute, Congressman?

Mr. WEISS. Of course.

Chairman FORD. We're talking about means tested programs when we pick up, whether it is the Red Cross or some of the 501C3's or some of the other organizations, do we get into the grey areas of any of the means tested proponents and provisions?

Mr. PERALES. No.

What happens is you see the nonprofit, 501(c)(3), suddenly becomes a hotel operator. They take the referrals from the city, so the city does the eligibility determination.

Chairman FORD. But what happens here once the recipient of AFDC receives whatever benefits from one of these 501(c)(3)'s, what happens with the food stamps?

Mr. PERALES. No.

The benefit the recipient's get is that the nonprofits put them up. The rent again is paid through EAF or the city.

Chairman FORD. I understand that.

Mr. PERALES. The benefits that they get that they do not get out of the hotel operators is that somebody is helping find a permanent accommodation, somebody is dealing with the myriad of social problems that these families have.

Chairman FORD. So, you are saying that it would not impact a means tested component?

Mr. PERALES. Exactly.

Mr. SCHUMER. It is the same money.

Mr. PERALES. Mr. Schumer is correct.

Chairman FORD. I applaud it, I applaud it, I support it.

But I am just wondering whether or not you get into a grey area when you talk about other benefits that might be available under the means-tested component?

Mr. PERALES. No.

What basically happens is that if you are going to pay somebody $2,000 a month to house a family, they ought to get beyond a roof over their heads. They ought to get some sort of services to help them become independent. To help them find a permanent accommodation.

And I am saying that if we could have those hotels being run by the 501(c)(3)'s, we would get that for our money.

Chairman FORD. But what happens if the Catholic Charities gave X family $200 to help say on the utility cost, isn't that lumped into the means-tested program?

Mr. PERALES. It might, although it might be a special grant. It could be technically.

But the point is that is not what they do. What Catholic Charities is being asked to do in return for that exorbitant rental payment, is to provide something more than a flea trap hotel room, and that they get some decent accommodations. And to get some help that these families need so that they can be placed in an apartment and given support so that they can make it in that apartment and they don't come back into the system. That is something that hotel operators don't do.

Chairman FORD. I applaud all of that. I am just wondering whether or not it will impact. I am thinking that you really get into the grey areas. I think we should change whatever legislation is needed in order for that to happen, but right now under current law, I am not sure that we can really do that. I am not sure it can happen without impacting that.

Mr. PERALES. Well, what you may be suggesting is that we ought to have rules that say that getting somebody out of emergency assistance, we ought to be prepared to be flexible in types of grants that they can get to set them up and to establish them.

Chairman FORD. Yes.

Mr. PERALES. We do have under current law, grants for furniture and moving expenses. That is one of the things that is listed back here, moving expenses and things of that nature.

Chairman FORD. I would like for you to submit to the committee at a later time in writing to let us know whether or not we need to change some of the rules, or exchange certain provisions within the AFDC or the Social Security Act to make sure that we would give the flexibility to the State and local municipalities for that to take place.

Mr. WEISS. How many facilities are on line at this time, how many are in the pipeline such as the Red Cross Hotel?

Mr. PERALES. Well, I have spoken to operators of at least three other hotels who would be prepared to enter into that type of agreement, and would be prepared to turn over to a nonprofit if we had the city's cooperation. It is not that simple. There are some problems here about rates, as you can imagine, that we are trying to negotiate. These hotel operators, if they are going to rent over the facility, they want a good buck. And I think those problems do exist, but I think it can be worked out. I think with the city's cooperation, I would like to see a few more hotels come on line being run by nonprofits.

Mr. WEISS. Commissioner, thank you very much, we appreciate it.

Mr. PERALES. Thank you.

Mr. WEISS. Mr. Chairman, thank you.

Chairman FORD. Thank you very much, Commissioner.

Mr. PERALES. Thank you all.

Chairman FORD. At this time, the Chair sees the Honorable David Dinkins, the president of the Borough of Manhattan, who is here. Also, the Councilwoman Carol Greitzer, who has been here

with us on two occasions at the witness table. And we want to apologize for not having you up. And also, Councilman Abraham Gerges, who is here with us. We would like you to come to the witness table as well.

We certainly appreciate the three of you taking time from your busy schedules to come here to be with us, and to share with us how we can best support legislation that is before the Congress that has been introduced by Mr. Weiss and Mr. Schumer. And as chairman of this subcommittee, we certainly look forward to your input today in giving us some information that we can carry back to our colleagues in the Congress, and hopefully to better the situation here in your city and in your State, as well as give us information that would be needed to change regulations and laws in the Congress that would benefit the homeless throughout America.

With that, I would like to recognize Mr. Dinkins first.

STATEMENT OF DAVID N. DINKINS, PRESIDENT, BOROUGH OF MANHATTAN, NEW YORK CITY

Mr. DINKINS. First, may I say how nice it is to see you, Congressman. Welcome to New York and welcome to Manhattan.

Chairman FORD. I think the last time I saw you, you had not yet been sworn in.

Mr. DINKINS. I have seen you since then, but I have not had any opportunity to check with you. And Congressman Weiss, it is a pleasure to see you looking so well, sir.

Mr. WEISS. Thank you so much, and it is nice to see you looking so well.

Mr. DINKINS. I am delighted to see you.

Let me just say, Congressman Ford, that Congressman Weiss is everyone's favorite, and we are delighted to see him.

Chairman FORD. He is our favorite too in the Congress.

Mr. DINKINS. In fact, I am president of the Borough of Manhattan, and as Congressman Weiss knows, and I am sure you must know, Congressman, we are one of the five boroughs of the city of New York. And I thank you for this opportunity to testify in support of the two pieces of legislation being considered today, H.R. 5080 and H.R. 4938.

The Borough of Manhattan has a population of approximately 1.4 million people, among whom there are 2,600 homeless families, which includes about 7,000 children. All too often when we speak of the homeless, one thinks in terms of the traditional derelict or perhaps a person released too soon from a mental institution without the necessary supportive care. We like to remind folks that when we speak of homeless, while we are concerned about those people certainly as well, that we want them to understand that we are speaking in many instances of entire families, two or three children, and sometimes even with jobs and yet no place to live. And these people in Manhattan represent 60 percent of the total number of New York City homeless families currently receiving emergency shelter services from the City.

And thus, the Borough of Manhattan is acutely aware of the problems facing the homeless families. As you know, most of these families are sheltered in hotels and congregate style shelters. I be-

lieve, and I think most Manhattanites believe that this is an inappropriate way to shelter families and children, crowded into cramped rooms or lacking privacy in group shelters.

This method of sheltering families seems destined to create problems in family functioning and child development, for which we, as a society, will have to pay long into the future.

Moreover, as you also know, this is not a cost-effective way of using the Federal, State, and city money which is being spent to provide this shelter. As an elected official in New York today, perhaps the most frequent question put to me about the issue of homeless families is: Why are we paying so much to shelter families in hotels, when for the same money we could easily pay the rent on a permanent apartment?

The answer, of course, always is the restrictive Federal regulations which govern the use of this money. In fact, almost immediately after assuming office in January I became aware of the absurdity of the situation. I contacted Secretary Sam Pearce of HUD, and requested his assistance in pressing the U.S. Department of Health and Human Services to change its regulations to permit more flexible use of this money. At the same time, I wrote to the mayor of the city of New York, urging his intervention with the Federal Government.

Early in my term as Manhattan Borough president, I understood that the use of EAF money was the key to the ability of this city to solve its homeless family crisis. I, therefore, welcome this legislation which Representatives Weiss and Schumer have introduced. And I am committed to fighting for its passage.

I might add that I think that we here in New York and elsewhere around the country need to get as excited and agitated about this legislation, as we did when we were concerned with the loss of State and local tax deductibility. We marshal all of the forces: The mayor, the Governor, the U.S. Senators, and numerous business people all came together; marshaled because they saw this as important.

Well, I hope that we will have the ability to marshal the troops for the passage of this legislation in the same fashion. I believe the provisions of both bills to allow the use of emergency assistance money for the construction and rehabilitation of both temporary and permanent housing are important.

While I recognize that the development of permanent, low-income housing is the ultimate solution to the problem of homeless families, until such time as we are able to create a sufficient number of such housing units, we will continue to have a need for temporary housing. But we must take whatever steps are necessary to make sure that when additional temporary housing is created it meets habitability standards and provides homeless families with standard apartment units, not small boxes or hotel rooms.

Putting families in hotel rooms and barracks for longer and longer periods of time because there is no permanent housing available, consigns poor people to poor housing, and must no longer be acceptable in our city.

I believe this legislation will facilitate efforts to phase out reliance on hotels, the majority of which are in Manhattan. Ending the use of hotels as the primary shelter resource for homeless fami-

lies is a goal which is shared equally by all my constituents, who range from business and real estate owners to the welfare families who comprise the homeless population.

In addition, Representative Schumer's bill allowing the use of AFDC funds for the construction of permanent housing, will represent an infusion of Federal dollars for housing, replacing a funding stream which has almost totally dried up in recent years. I especially appreciate and support the revision of the Schumer bill, which would require that the total welfare bill would have to decrease over a 5-year period, so we do not run the risk of a backlash against the homeless and welfare recipients if the public witnesses a rise in AFDC expenditures.

On the contrary, I believe that if this legislation is not passed, we will run an even greater risk of public outrage over the vast amounts of money that are wasted, as they see it, on indecent shelter accommodations like hotels. Those who are just looking for an opportunity to cut social welfare programs are provided with an easy target in the emergency assistance program, unless this program's regulations are amended. I urge this subommittee to provide the responsible leadership which will protect this welfare program by revising its parameters in the ways Representatives Weiss and Schumer has suggested.

This is crucial legislation for the city of New York. At stake are the futures of 5,000 homeless families and an entire generation of their children.

I thank you and I will be happy to respond to questions. I want to apologize to you, and to my colleagues, I will not be able to stay. We have some legislation affecting this same kind of problem on which we are having hearings right now in Carol Greitzer's and Abe Gerges' city council SRO.

[The prepared statement follows:]

STATEMENT OF DAVID N. DINKINS, PRESIDENT OF THE BOROUGH OF MANHATTAN, NEW YORK CITY

Good morning, my name is David Dinkins and I am president of the Borough of Manhattan, one of five boroughs of the city of New York. Thank you for this opportunity to testify in support of the two pieces of legislation you are considering today, H.R. 5080 and H.R. 4938.

The Borough of Manhattan has a population of 1.4 million people, among whom there are 2,600 homeless families which include about 7,000 children. This represents 60 percent of the total number of New York City homeless families currently receiving emergency shelter services from the city. Thus, the Borough of Manhattan is acutely aware of the problems homeless families face.

As you know, most of these families are sheltered in hotels and congregate-style shelters. I believe, and most Manhattanites believe, that this is an inappropriate way to shelter families and children. Crowded into cramped rooms or lacking privacy in group shelters, this method of sheltering families seems destined to create problems in family functioning and child development for which we as a society will have to pay, long into the future.

Moreover, as you also know, this is not a cost-effective way of using the Federal, State and city money which is being spent to provide this shelter. As an elected official in New York today, perhaps the most frequent question I am asked about the issue of homeless families is: "Why are we paying so much to shelter families in hotels when for the same money we could easily pay the rent on a permanent apartment?" The answer always is: "The restrictive Federal regulations which govern the use of this money".

In fact, almost immediately after assuming office in January I became aware of the absurdity of this situation and contacted Secretary Samuel Pierce of the U.S. Department of Housing and Urban Development. I requested his assistance in press-

ing the U.S. Department of Health and Human Services to change its regulations to permit the more flexible use of this money. At the same time, I wrote to the mayor of the city of New York to urge his intervention with the Federal Government too. Early in my term as Manhattan Borough president I understood that the use of the EAF money was key to this city's ability to solve its homeless family crisis.

I therefore welcome the legislation that Representatives Weiss and Schumer have introduced, and I am committed to fighting for its passage. I believe the provisions of both bills—to allow the use of emergency assistance money for the construction and rehabilitation of both temporary and permanent housing—are important. While I recognize that the development of permanent low-income housing is the ultimate solution to the problem of homeless families, until such time as we are able to create a sufficient number of such housing units we will continue to have a need for temporary housing.

But we must take whatever steps are necessary to make sure that when additional temporary housing is created it meets habitability standards and provides homeless families with standard apartment units, not small boxes or hotel rooms. Putting families in hotel rooms and barracks for longer and longer periods of time because there is no permanent housing available consigns poor people to poor housing, and must no longer be acceptable in this city. I believe this legislation will facilitate efforts to phase out reliance on hotels, the majority of which are in Manhattan. Ending the use of hotels as the primary shelter resource for homeless families is a goal which is shared equally by all my constituents, who range from business and real estate owners to the welfare families who comprise the homeless population.

In addition, Representative Schumer's bill, allowing the use of AFDC funds for the construction of permanent housing, will represent an infusion of Federal dollars for housing, replacing a funding stream which has almost totally dried up in recent years. I especially appreciate and support that provision of the Schumer bill which would require that the total welfare bill would have to decrease over a 5-year period, so we do not run the risk of a backlash against the homeless and welfare recipients if the public witnesses a rise in AFDC expenditures.

On the contrary, I believe that if this legislation is not passed we run an even graver risk of public outrage over the vast amounts of money that are "wasted" on indecent shelter accommodations like hotels. Those who are just looking for an opportunity to cut social welfare programs are provided with an easy target in the emergency assistance program unless this program's regulations are amended.

I urge this committee to provide the responsible leadership which will protect this welfare program by revising its parameters in the ways Representatives Weiss and Schumer have suggested. This is crucial legislation for the city of New York. At stake are the futures of 5,000 homeless families and an entire generation of their children.

Thank you.

Mr. WEISS. That used to be my city council.

Mr. DINKINS. Yes, it used to be your city council.

Chairman FORD. Mr. Schumer.

Mr. SCHUMER. Yes.

I first want to thank the borough president for coming here. I apologize for missing the beginning of his remarks. Nature beckoned, but I read them.

My question relates to this, I asked the mayor before and he said that most of the money that would be used there would be used for rehabilitation of in rem type housing, you know, to create permanent housing out of that.

Do you think that is the best way to spend these dollars if we pass the bill?

Mr. DINKINS. Well, I am sorry that I was not here, and I wish I had been here and sitting up there with you when that question was put to him and you got that response, because the mayor's current proposal for dealing with homeless is to erect newly built shelters in each of the boroughs. And I have resisted this. I suggest that instead of that, we should rehabilitate the in rem housing that the city already owns. We will produce larger units. There will be

apartments that could ultimately be used for permanent housing. For instance, 60 percent of Harlem is owned by the city, having been taken in rem for nonpayment of taxes.

I believe that that would be a better way to go, so I am amused and interested that he gave you that response as to how we would use the money.

Mr. SCHUMER. To correct the record, I believe I had asked Ms. Michetti, who was sitting where Carol Greitzer is sitting, and the mayor was sitting where you are sitting. But he nodded in affirmation, I believe. So, I will get you that transcript.

Mr. DINKINS. In any event, almost any use other than the current use of hotels is desirable. Some obviously eminently more desirable than others. Among the reasons that I resist the hotels is not simply the exorbitant cost, which is obvious. But in addition, these hotels, and Congressman Ford, the hotels in what we call Midtown South Manhattan, 40 percent of the homeless families of the entire city are in that area. And there are no schools there, no playgrounds. We maintain that it is an inhumane place to house homeless families. So, Congressman Schumer, almost anything is superior to what we are now doing.

But, in addition, we could get a greater value for the dollar. I wish to remove the families from the midtown hotels in any event, and even under the plans that we are now debating with the city administration in Manhattan, I urge that we start by taking the families from the midtown hotels and put them in whatever structures we are going to have. And I argue that these structures should be the in rem apartments. You can have clusters, so-called family centers, and I have not been able to get that kind of commitment yet.

The mayor's posture is that we want to do this equitably. And so, to do it equitably, we will have four shelters in each borough. Now, my undergraduate degree is in mathematics, and I am trained as a lawyer. And the logic of that escapes me. When we already have in Manhattan, 60 percent of the homeless of the entire city, 40 percent of the homeless families in one area, and then we are going to have these congregate shelters. We cannot get a commitment to take the people from the hotels, and they call this equity.

But our quarrel is not that we have more than anyone else. Our quarrel is concern for these families irrespective of the boroughs in which they are.

Mr. SCHUMER. Thank you, Mr. Chairman.

Chairman FORD. You know, Mr. President, I think the mayor said earlier that there were some 40,000-plus units that the city owned, substandard apartment units that need rehabilitating. He also indicated that it would cost anywhere from $50,000 to $60,000. I was reading an article here that was from November 21 of this year, and let me quote, "Mr. Dinkins said it would cost $55,000 a unit to rehabilitate the housing. He said that no more than 100 units should be placed in any one neighborhood. He added that the major shortcomings of the mayor's plan was that it would not effect the large population of the homeless families."

When you say no more than 100 units, are you speaking of 100 units in a borough?

Mr. DINKINS. No, no, in a neighborhood.

You might have on a given block, 20 or 25 units here, and down the street 20 or 30 or more. And around the corner a few more, and than *x* blocks away, another cluster like that.

Chairman FORD. Now, you say 60 percent of all the homeless is in one area?

Mr. DINKINS. 60 percent of all the homeless of the entire city is in Manhattan. Incidentally, two-thirds of those people, according to HRA's figures, come from the Bronx and Brooklyn into Manhattan.

Mr. SCHUMER. We are mindful of reapportionment, and want them all back.

Chairman FORD. Are these all welfare hotels that we are talking about?

Mr. DINKINS. No, but they include welfare hotels.

Chairman FORD. They include welfare hotels.

Mr. DINKINS. Mostly.

Chairman FORD. I regret that the staff and the subcommittee didn't plan to go out with a site visit to see some of these facilities.

Mr. DINKINS. My office could assist in arranging such a tour, if you like.

Chairman FORD. Well, I am not sure we would do it today, but I certainly would like to have that planned within the coming weeks as chairman of the subcommittee. It is nice to hear all of us politicians talk about the problems, but there are times that we need to go out and talk with some of the people who are impacted and effected by it.

And I know that we are all on tight schedules because the two parties organized all week, and we had scheduled this with the direction of the two members on this panel from New York. And I would like to have an opportunity in the very near future, hopefully in January, that we will be able to come back and go with site visits.

Mr. SCHUMER. Chairman, if you like, we would be happy, all of us, to coordinate that for you.

Chairman FORD. I would certainly appreciate it if you would. We would come back in an investigative role, rather than just bringing the subcommittee per se.

Mr. DINKINS. We would be delighted to assist in any way that you would wish.

Chairman FORD. All right.

And I would ask the staff to let's do it under the oversight of the subcommittee, that we come back in January.

Mr. Weiss.

Mr. WEISS. Mr. Dinkins, let me just take this occasion to express my appreciation to you for the tremendous leadership that you have exerted in this very critical area, for us in New York, but really across the country. The hearings that we have conducted around the country indicate that this is a problem that is burgeoning every place. And the modest approaches that were taken here will provide, if adopted, some relief. But really, as we have all indicated, we need to have a greater Federal role in providing the basic low and moderate income housing to house all of these people who desperately need it.

Let me also welcome the suggestion you made that in fact we mobilize the kind of effort that was done to retain State and local tax deductibility. We will be delighted to work with you.

Mr. DINKINS. Thank you all very much.

Again, I apologize for not remaining to hear my colleagues.

Chairman FORD. Thank you, Mr. President, we really appreciate your taking the time, because I know that the councilwoman here, she has been to this witness table. This is her third trip, and we have just been putting her off and putting her off. And I will apologize on behalf on this subommittee, but we are ready to recognize you now.

STATEMENT OF COUNCILWOMAN CAROL GREITZER, CHAIR, CONSUMER AFFAIRS COMMITTEE, NEW YORK CITY COUNCIL

Ms. GREITZER. Thank you very much.

I appreciate the opportunity of being here, and working with my colleagues in Government, Congressman Weiss and Congressman Schumer. We have shared many other problems in the past, but this is probably the most serious.

I am here as one of the prime sponsors of the city council of the resolution in support of both of these pieces of legislation. And that resolution, I am pleased to say, passed the council unanimously. But more important, I am here as the representative of the midtown area of Manhattan, which houses the largest contingent of homeless people.

I do have a statement, which I have submitted. I am not going to read it because in the interest of time, I think I will only focus on one which issue which really hasn't been mentioned by the other speakers, except very briefly in the last few minutes by Borough President Dinkins.

Chairman FORD. Would you tell me, which committees do you serve on on the city council?

Ms. GREITZER. I am the chair of the consumer affairs committee, and I serve on the finance environmental committee and the committee on women.

Chairman FORD. Very good, OK.

Ms. GREITZER. And, of course, women are the prime tenants in most of these welfare hotels. So, we are concerned about that issue.

I gave to your staff a large study that was done at my request by the HRA Agency of the city to show the distribution of the homeless in New York City. There are 50 community planning boards in New York; 19 of them have no facilities for homeless, whereas the three community boards in midtown, which I represent, have 35 percent of all the homeless in New York City, namely 8,600 people. And these include 4,000 children.

Apart from the fact which has been mentioned that the hotel rooms are exorbitantly expensive, and an unsuitable housing environment for these people, I wanted to point out that the fact of the matter is that the city is forced to use these facilities and they are located in the worse possible place for housing families, particularly children.

They are all in a central business district in Manhattan, and where hotel buildings located in the other boroughs, they are also in downtown business district neighborhoods.

It is because of the current Federal policies that the city is forced to use this kind of housing stock for these people, and in Manhattan the situation is really ludicrous because there are very few schools in this area because there is a very small residential neighborhood in the surrounding blocks. There are very few parks, there are very few other facilities that you would need to provide a suitable environment for children.

The Martinique Hotel, and some of the other hotels, are right next to Herald Square, which has to be one of the major intersections in the entire world. And to see children riding their bicycles and coping with the traffic in front of Macys is really somewhat ridiculous. But Macys and Gimbels, until it went out of business a few weeks ago, were the afternoon play areas for the children living in this district.

Children cannot go to neighborhood schools because not only are there very few neighborhood schools, but there isn't room for them. And so, they have to be bused or take subways to other schools. The buses come late in the morning; get them home late in the afternoon. We tried to arrange afterschool programs for the children, but the logistics of getting them from these scattered schools all over the city to an afterschool program and back to their hotels later, are really almost insurmountable. And these are just some of the social problems that result from this situation.

Right now it is Christmas, and everybody in the world is knocking themselves out to have little Christmas parties for the children. And we are all, myself included, involved in an effort to get 1,000 children presents on Christmas Day. The fact of the matter is that there is a lot being done in these next 2 weeks, but there is nothing being done the rest of the year because of the problems of having children in the kind of environment where you don't have local groups being able to take care of them. A more equitable distribution would provide a more humane way of dealing with this problem, and it can only be done if this legislation passes and the city has other options other than using these hotel buildings.

Everybody here who spoke before me seemed to mention President Reagan's question. I just want to say that it is a question that is asked of me almost every day of the week, and it has been going on for several years. We hope that passage of this legislation will enable these other tools to be given to the city so that they can spend the money more expeditiously and provide a better environment for the children and the families in the hotels.

And, Congressman Weiss, in answer to a question that you brought up earlier with Commissioner Perales, one of the problems with a nonprofit organizations taking over hotels is not that they would not be a much better landlord and do a much better job, it is that they are looking at hotels in mid-Manhattan that don't already serve welfare clients. And instead of taking over one of these horrendously run hotels that we are currently using, they are really looking to add to the stock in some cases. And that is an unfortunate situation, which could also be corrected by the passage of this legislation.

So that is my message today, and thank you very much for allowing me to speak here.

[The prepared statement follows:]

Councilwoman Carol Greitzer

News Release

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STATEMENT BEFORE THE HOUSE SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION, DECEMBER 12, 1986

My name is Carol Greitzer. I'm speaking as the member of the New York City Council representing midtown Manhattan, which has the largest concentration of homeless people in the city. I am also a prime sponsor of the City Council resolution in support of the legislation being considered today. I am pleased to add my voice in favor of the Weiss and Schumer bills, which are long overdue.

I will not repeat the statistical summaries of the homeless housing problems presented by earlier speakers. Instead, I will describe the horrendous social consequences resulting from present restrictions on the use of Fed funds for the homeless.

I am submitting a report, prepared by the City at my request, which describes in detail the imbalanced distribution of homeless facilities throughout New York. This imbalance is largely due to existing Federal constraints, which do not allow Federal money to be used for acquiring, rehabilitating or constructing new housing for the homeless. The option left to the City is the one which has been taken, namely to lease large numbers of hotel rooms, often at exorbitant rents. Because the largest stock of hotels is in the central business district, the City is currently crowding over 8,600 people into a relatively small area. This constitutes about 35% of the total number of homeless people housed in City facilities.

The consequences of this overcrowding are truly distressing, especially for the 4,000 children in the midtown hotels. Most of these children cannot find room in the few neighborhood schools, and must make long journeys to attend distant schools. Not surprisingly, attendance and academic performance suffer.

Additionally, the commercial area which contains the hotels lacks the type of afterschool, recreational and community facilities offered by most residential neighborhoods. It seems clear that the unavailability of such services may be jeopardizing the development of thousands of at-risk children.

The concentration of the homeless is also having a traumatic impact on the commercial and residential communities of that area, as large numbers of unsupervised children and teens use the neighborhood streets for recreation.

President Reagan recently asked why New York City doesn't build $37,000 houses for homeless families, instead of paying this exorbitant amount for a year's rent in a midtown hotel. It is a question asked every day by New Yorkers who are similarly appalled by these huge hotel expenditures. It is interesting that the President is apparently unaware of the Federal constraints that prohibit the approach he suggests.

Passage of the Weiss and Schumer legislation will give New York and other localities greater discretion in seeking solutions to the homeless problem, and allow them to employ a wider variety of tools to create needed housing. This legislation will not only enable us to do a lot more with the available money, better housing, but it will also allow us to provide housing in areas that offer a better environment.

The Federal Government has historically played a leading role in the creation of low-income housing, but today we are faced with the Federal abdication of this role. The importance of the legislation being considered today is that it will give New York City and other urban areas a variety of tools to solve one aspect of this problem.

I therefore strongly urge swift passage of H.R. 4938 and H.R. 5080. Thank You.

Chairman FORD. Well, it is the intent of this subcommittee to take Mr. Weiss' bill and Mr. Schumer's bill up before the committee at some time in the early part of the 100th Congress. The subcommittee is not here just to hear from witnesses today, but it is to take a serious look, even before any type of welfare reform legislation that might be coming before the Congress in the coming months, it is the intent of this chairman to try and bring these bills up before the committee. And that is the purpose of coming here today.

Ms. GREITZER. I am very pleased to hear that.

Chairman FORD. We want to take a broader look at it, but I personally, as chairman of the subcommittee, I support both pieces of legislation. And I would hope that it would be the intent of this subcommittee to act on legislation in the coming weeks of the 100th Congress, to report back on the full Committee on Ways and Means of some type of legislation that will in fact address many of these problems.

And, Councilman Gerges, before I come to you, just how many people are we talking about? How large are these hotels that we are referring to? You made mention of the fact that there are 1,000 kids that your group is trying to work with?

Ms. GREITZER. Yes, there are 4,000 children in the midtown hotels.

Chairman FORD. 4,000 children.

Geographically speaking, how close are these 4,000 kids?

Ms. GREITZER. They are very close.

They are within walking distance. They extend from Seventh Avenue to Madison~~, just~~ a few blocks.

Chairman FORD. Well, I am a southerner, tell me, would that be in the same school district?

Ms. GREITZER. They are in the same school district, but they are not being accommodated within that particular school district. They are being sent to other schools. In some cases, they elect to stay in the schools that they came from. If they came from Brooklyn, for example.

Chairman FORD. What happens then with the mode of transportation at that point?

Ms. GREITZER. If they go into the other boroughs, they take subways. They presumably are slightly older children. If they are within Manhattan, they are probably bused, but busing does not work out very well.

Mr. GERGES. What is more important is that they don't go to school. I mean, that really answers the question.

Ms. GREITZER. Well, that is certainly true. If you go to any of these hotels during the daytime, you see lots and lots of school age children hanging out and not in school.

Chairman FORD. See, as we look to the 21st century, if we all try now to protect the children, and since we are talking about two-thirds of the welfare recipients just happen to be children, if we don't protect them and look out for their interests at this point in time, what we are going to be faced with is that we are going to continue to breed one generation to another dependent upon the welfare system. And if we are going to break that cycle and make them independent of the system, we have to do everything that we

possibly can do at this point in time. Because those children, through no fault of their own and in many cases through no fault of their parents, that they are locked out and placed within that cycle.

This administration, and many of the Christian Evangelical groups have all talked about welfare being the problem. Many of us in the Congress maybe see welfare being the dead end. And we are going to have to try to do something, and do it in an innovative way to address many of the problems we are talking about here. When we see this homelessness problem here in this city and throughout this Nation, we are going to have to focus and go beyond just that. How do we go out and try to protect these children from an educational standpoint? How do we try to protect them with a structured family standpoint, whereas we can keep them on an educational level to move them into the marketplace when they become young adults.

And I am very sensitive to the issues that we are talking about, and that is why when we crank up the 100th Congress on January 6, it will be the intent of this subcommittee to move on some legislation right away.

Ms. GREITZER. I think we all agree with you in that the housing is the major problem, but certainly the schooling of the children is the second important problem. And it is just not being adequately handled. In part, because of the location of these housing facilities.

Chairman FORD. Well, it is difficult with 4,000 children in one area of a school district. It is very difficult to see without making the type of arrangements for 4,000 children in any neighborhood. That is a clear message that is being sent, that the children are not being protected. We have a severe problem with the homeless, but the problem is even more severe when we think in terms of these children and how will we make those who are recipients, independent of this cycle which they are trapped into.

I am sorry to interrupt you, Mr. Gerges.

Mr. GERGES. That is all right.

STATEMENT OF COUNCILMAN ABRAHAM GERGES, CHAIR, SELECT COMMITTEE ON THE HOMELESS, NEW YORK CITY COUNCIL

Mr. GERGES. Mr. Chairman, I want to thank you for the opportunity of being here this morning. On May 1, 1986, Peter Valone, who is the new majority leader, asked me to chair the select committee on the homeless. And from May 1 until just a moment ago, because I just came from Washington and talking to all the Washington Representatives on this issue, I have spent probably more hours on this issue than I have on any other thing that I have ever been involved in.

I chaired economic development prior to this year, and I worked with the wealthiest, richest people of the world. And I must say that the challenge of working with the homeless issue is much more challenging, and much more rewarding. And I should say that homelessness is a problem with a solution. And anybody who comes before you and has the audacity to say that there aren't these answers, are either stupid, blind or indifferent.

I am going to present to you what I believe to be a draft that the city council has just prepared and just released, which is a report on the homeless which not only issues an economic analysis of many of our programs, but lays out a plan. Something that Cesar Perales was talking about, the failure of a plan for a solution. And how can you possibly know how to solve a problem if you don't even know where the homeless come from; if you don't even know that 50 percent of the homeless come in from secondary eviction, something that nobody even talks about.

Chairman FORD. The President said that most of them come from mental institutions.

Mr. GERGES. Well, part of that is true, and we are going to go into that if you will give me the opportunity.

I mean, Dave Dinkins was talking about children. You look at the sterotype, and you ask the average person who are the homeless of this city, and they will tell you the sterotype derelict living on a bench. But it is 50 percent of the population of this city are homeless children. We have 4,500 families that are approximately being housed each day in the New York City, and we have approximately 10,000 individuals that are housed every day in New York City.

And for the economics of it, just let me give you this as a little background: $159 million is spent on families, and $117 million is spent per year on individuals. Fifty percent of the family dollars come from the Federal Government, 25 from the city, and 25 from the State. And interesting enough, on individuals, not one penny comes from you folks. That is why I was down in Washington yesterday.

Do you know that one-third of the single population in this city are veterans. Fifty percent of them who were in the Vietnam war, and not 1 penny comes from the Federal Government?

Chairman FORD. Fifty percent of the single individuals that are homeless are veterans you say?

Mr. GERGES. I said one-third.

Chairman FORD. One-third of the single homeless are veterans?

Mr. GERGES. One-third of the single homeless are veterans, and we don't get 1 penny from the Federal Government.

Mr. SCHUMER. Single homeless men.

Mr. GERGES. And women.

Mr. SCHUMER. And women?

Mr. GERGES. Yes, and women. And we don't get 1 penny from the Federal Government for housing. The times that we march on Fifth Avenue on Veterans Day saying how much these people have done for our country, was the same moment when veterans were standing on line trying to get shelter in this city. And nobody has done a thing. We don't have a veterans homeless shelter in this city. We have them all over the country, but not in New York City.

Let me just tell you why and where the problems come as I see it after spending these months studying this problem.

Chairman FORD. Do you have any figures on the elderly in this?

Mr. GERGES. No, no.

And that is the issue. One of the things we said to the city of New York is computerize the system. You have 5,000 families.

What is the big deal of getting a computer and finding out why they became homeless?

Some 27.5 percent become evicted from the first eviction; 15 percent from fires in abandoned buildings. But we don't know, for example, how many senior citizens there are. We really don't know who is a veteran or who is not a veteran, because there are some dollars that may become available. So, finally, there is a skim system being put into place, which should come into place sometime in March, where it computerizes and see who are the homeless, and where do they come from. And that is one of the important elements that are necessary in order to plan. To see where the dollars should come from, and what should we be planning.

But as far as the city of New York is concerned, there is a lot that we can do. Now, everybody is so upset about the $37,000 that is being paid to hotel owners. But let me shock you. I went to the Jamaica Arms, which is a very nice place by the way, and during one of our tours, I opened one of the doors and saw a young lady. The room was about from where you are to about where I am. And I said to her, "How much do you pay here?" The answer was $55,000 a year. I said to her, "How long have you been there?" and she told me 13 months; $55,000 a year for 13 months.

Now, is there corruption there with the hotel owner? No, I don't think so. It is stupidity on our part, because we are not smart enough to take the money that you give us and go into the hotel business. We could do it a little differently if you have a little understanding of how to take money and how to spend the dollars.

Chairman FORD. But the mayor indicated today that on the average you are only spending $15 per person per night.

Mr. GERGES. That sounds nice when you figure that out.

Chairman FORD. Well, he used a family of four.

Mr. GERGES. And it comes out to about $2,000 a month when you really figure it out per room.

Mr. SCHUMER. His came out to $1,600 a month.

Mr. GERGES. Yes, per person, per night, per room. So, if you have seven kids, what they like to do to hotel people because they are smart, they figure it is only $16 a night so let's see how many people we can get into that room because they get paid per head by the room. So, if you can get seven people in a room, and multiply 7 times 16, it doesn't come out to the same kind of dollars that you are talking about. That is why the Holland Hotel brought in $6½ million, made $3 million profit. That is why the homeless hotels operate at 110 percent of capacity.

But if I were to tell you that there are 100,000 rooms in the city of New York, and that we have a 72-percent occupancy rate, it means that every night in this city there are 28,000 empty rooms in this city; 28,000 empty rooms every night in this city. But if you talk about the welfare hotels, they operate at 110-percent capacity. We sometimes rent the same room twice a night they are doing so well.

So, what do we do, we just keep paying. What should we be doing? It is very, very simple.

We have about 4,500 families in the city of New York that are in different kinds of congregate shelters and hotels. About 3,200 of them are in the hotels. Well, you take fifty 100-unit buildings,

which is about 5,000 units. We rehabilitate those 5,000 units. We take a not-for-profit sponsor, and let them run it because they do a good job.

Chairman FORD. On these hotels, are you telling me that these hotels are substandard?

Mr. GERGES. Substandard isn't the word.

I got a letter today telling me that I am going to be sued because I had the audacity to say that about the hotel owners that they want to raise the rates. They want to raise the rates by $4.7 million, and I say to them if they need a raise in rates, show us the books. Show us that you are losing money.

Now, you don't have to be too smart. I am a country boy too.

Mr. WEISS. Which country?

Mr. GERGES. I come from upstate, and that is where I spent a lot of time. And you don't have to be too smart when you go somewhere on East River Drive and you see a big sign that says, "Rivergate." It is on Sutton Place. That big luxury apartment house. They want to rent apartments there. Call them up on the phone, as I did, and say, How much is the rent there? And they said, $1,400 a month. That is for Sutton Place. A new building, one-bedroom beautiful apartment. And we pay $5,000 a month for a hellhole. You don't have to be smart to know the difference. This is new construction. So, what do you do?

You take fifty 100-building units. You rehabilitate those units. You run them as hotels. And instead of having the Schumer-Weiss bill, which I support because there are different reasons why I support it, but you pay yourself that money. And you borrow the money on bonds, and you pay it off. It is legal. It is 100 percent right. But we are not smart enough to do that. And what do we do, we take these kids and we put them in the Martinique Hotel, which Carol was absolutely right, 1,200 kids.

Chuck and I took the congressional delegation on a tour a couple of weeks ago, and we saw some of the people with seven kids in a room. And we said to the woman there, "How much are you paying in rent?"

Chairman FORD. Are these AFDC recipients?

Mr. GERGES. Yes.

Chairman FORD. I am asking my staff directly to make sure that we plan a trip immediately to look at some of these conditions.

Mr. GERGES. Well, you have to hear what this woman said and this little kid said, and that tells it all better than I can say it in a million years. We said, "How do you pay?", and she said, "$850 every 2 weeks." And then we said to her, "How much do you get for food?" and she said, "$2.30 for three meals." Now, you don't have to know anything more. I mean, there is nothing else that has to be said.

Now, there are the programs that make a lot of sense, and we are going to give you, I think probably a break down of cost, plans, how things work, and how things don't work. And let me just say that what we have to do is start getting the not for profits working for us because they do a good job. We have to be concerned about communities it impacts, and not have communities fighting one another. Why should Manhattan be fighting Brooklyn and the Bronx,

and so forth, where there are poor people involved that need a place to live? We have to start thinking.

Chuck, do you remember when we went to the Martinique Hotel, that had that sign in the front, "Don't Use Crack." You see them all over the place, "Don't Use Crack," with a hotline for crack; 1,200 kids, no day care, no schools, no nothing. They have to take the train to go to school in downtown Manhattan, and they tell you not to use crack. Well, those are incubators for crack users. You are talking about almost 13,000 kids. And let me tell you something, if tomorrow morning or tonight there were 13,000 kids on grates keeping warm, like some of the single people, this country would be in an uproar. This country would say kids on grates, that is the way we are keeping them.

So, you know what we do, we take them off the grates and we put them on shelves in hotel rooms. Out of sight, out of mind. They become invisible from our conscience. And so, when we are talking about the holidays now coming. And as Carol will say, we will give them a basket. I asked the fellow from the Martinique to hold a hearing there so that we could give the homeless an opportunity to tell their side of the story, and he said to me proudly, "I gave them all a turkey during Thanksgiving." That was nice of him. It was kind of him, but these kids up there, all over the place, nobody gives a darn about them obviously.

It is not merely the dollars. See, that is the point. We are expending these enormous dollars, and it doesn't mean anything. And the reason why I support the Schumer-Weiss bill is because we could have the best interim housing planned, and working well and cost effective, but unless there is someplace to put the people after they have become transitory, than you are just going to have a system, as Cesar Perales said, where everybody will remain in the shelters.

So, it is important for us to have low income housing. Not low income meaning $25,000, but low income for the welfare recipients. We have to start increasing the amount of dollars that we give a welfare recipient for rent, for example. There are a number of apartments out there. I had instances where I spoke to some people and I said, "How did you become homeless?" And they told me, "Well, I owed $350 in rent, so I got dispossessed". And some people say I can find an apartment that may be $400, but I am only allowed $200 and some odd dollars. Where are you going to find an apartment for that money. So, we will spend $55,000 in paying rent, but we can't legally give that person more money to pay the rental that that person can find an apartment on.

So, it is a problem that if you sit down and try to find a solution for it, we can find the solution for it. But certainly it can't be done haphazardly. One of the things I would suggest on your bills, also, is to make sure that we don't run out of that money. That we don't in effect take that money, build all permanent housing with it, without any money left over for interim housing. So, it has to be a balance also. And I would just like you to look at that aspect of it.

Chairman FORD. That aspect will be protected. It is two jurisdictions.

Mr. GERGES. Let me tell you why, in my opinion, things are really happening. I mean, good programs, and this is hard to be-

lieve, but this is fact. I believe that one of the reasons why we don't have good programs is because Government is afraid that if the programs run too good, than there will be an onslaught of homeless families that will use homelessness as a vehicle of getting an apartment. And so, Government is saying that people should rather sleep in the street than use the program.

When it comes to families, the city of New York is afraid because they don't know how many people are doubled up. Estimates you will hear here probably will run to 100,000 people who are doubled up in the city. Nobody knows how many of those families are out there. And so, if you run a good program, people might use that.

I argued with the mayor. The mayor in his new construction is going to have a dining room for everybody. He is going to have a bathroom used by two families. New construction. They are going to build cold water flats. And do you know why they are going to do that? The mayor said it to me personally, when I said to him, "make apartments because you will see that our study shows that the better the facility, the faster the people get back into the system." People will stay at the Martinique 17 and 18 months now. You don't even see an apartment in the city of New York before 18 months. But in the good programs, like the Henry Street Settlement House, which Chuck and I went to, people get out of there in a few months because they feel like human beings and they haven't lost all hope.

So, there is a fear that if the program becomes too good, then people will stay there. And that is outrageous if you really think about it. And so, I hope that when we look at the programs, we don't just peg one part of the program, because that is where some of our problems are. But we look at the overall issue and how to plan and force any jurisdiction, whether it be New York or any place else, to come in with a plan how are you going to handle this. Rather than some press releases which make announcements that never come into being, or that are pure spit and glue and truly don't resolve these things.

Unless we do something on this, those 15,000 kids that we are talking about here today will be the criminals and the problems of tomorrow, and we will be the ones to be to blame. Not them.

Chairman FORD. Any comments or questions?

Mr. SCHUMER. Thank you, Mr. Chairman.

First, I would like to commend both Councilpersons Greitzer and Gerges for their leadership on this issue. Both of them have done terrific jobs in alerting the city to the problem, and finding needs. And as Councilman Gerges mentioned, I took a tour with him a month ago that was an eye-opener, and we are going to be setting up the same kind of tour for Chairman Ford in January, or a similar tour.

I just have a couple of quick questions, and this is addressed to whomever, it seems to me that one of the real problems that we face in addition to housing, in terms of temporary, the bottom line is that we don't have enough permanent housing.

Mr. GERGES. Well, that is the solution really to homelessness. I think everybody knows that.

Mr. SCHUMER. That is the ultimate solution, but we are also talking about temporary solutions or interim solutions. And that is

why the Weiss bill and the Schumer bill fit together. But one of the other problems, it seems to me and I should have asked this of the man from HRA. He lives in my building, so I will. I will knock on his door tomorrow and ask Mr. Grinker.

But it just seems to me that the social service component in a huge agency like HRA gets lost. And when we went, Mr. Chairman, to this Henry Street Settlement, one of the major differences was it was nicer housing. But the social workers and the people there really cared. And part of that is probably that it is nonprofit, but I think part of it is that it is smaller.

Ms. GREITZER. The case load is different.

Mr. SCHUMER. The case load is different as well.

But has anyone explored on the way letting HRA sort of farm out not new hotels, but through some of the existing hotels. Let's say you gave the Martinique over to Catholic Charities to be the social service agent.

Ms. GREITZER. But it isn't only one agency. There are about 10 different city agencies and government agencies that are providing services.

Mr. SCHUMER. But let's say that the city government had a contract with Catholic Charities to do the social services?

Mr. GERGES. Let me tell you something, that sounds good, but it doesn't make sense.

With all due respect, you have to have a plan. And the plan is very, very simple. You've got to get out of the hotels. They are doomed. The hotels themselves.

Mr. SCHUMER. You don't think a change in the social service component will make much of a difference as long as you have the hotels?

Mr. GERGES. No.

Because instead of doing that, if you rehab the apartments, it is just like you are here on families, but if I was to take you to a shelter with 1,100 men sleeping on cots, one next to the other. They have given up. They have completely given up. No social service worker can work there because of the building itself.

it makes much more sense, and I differ with David a bit. I mean, we have the same end result, but I think we have enough hotel space out there right now, and what we should be doing is using that hotel space as an interim because we need no capital dollars, no expense dollars, nothing. We can tomorrow morning, as I said the mayor, it is against the law, every hotel owner must accept homeless families. We showed the mayor that that was against the law, and he brought an action against it.

What you do is in the interim period of time, you use the hotel space. In 2 to 3 years, you take 50 buildings, rehab them, get the nonprofits in there and put a program right in place. You don't take junkie programs and try to put a little spit and glue in them and say you have done something, because all you are doing is kidding yourself. You say these programs stink. Get rid of them. Don't try to take a cancer and do a little bit with it. You've got to cut it out. Everybody agrees that these programs stink, and any dollars we put into it, all it is going to do is make some hotel owners rich.

And everybody agress what program should occur. What everybody is frightened about, and nobody really wants to say is if it

gets too good, then everybody is going to want to use it. But that is what we are all about. That is the purpose of our mission.

So, I don't think we should do that because I think it is a pure waste of dollars, and more importantly, we are not really serving constituents.

Ms. GREITZER. Well, let me just say I disagree with the councilman about using other hotels. But I don't think that is germane to the issue in answer to your question.

Mr. GERGES. I didn't say your district, Carol.

Ms. GREITZER. That is where they all are. They are all in my district.

Mr. GERGES. No, they aren't.

There are 461 hotels, and we only use 58. Nobody really knows that.

Ms. GREITZER. In answer to your question though about the social services, many of us in Manhattan have gotten together and are trying to get the city administration to appoint a commissioner or a czar, or whatever you want to call the person, to do a much better job of coordinating these services.

As I mentioned before, there are about 10 agencies involved in providing what I consider to be in many cases overlapping services. Just dealing with recreational programs, there are about 10 agencies and none of them are doing anything successfully.

Mr. SCHUMER. Thank you.

Thank you, Mr. Chairman.

Chairman FORD. Mr. Weiss.

Mr. WEISS. Thank you, Mr. Chairman.

I just want to compliment both of you for your leadership and your passion on this issue because that is what it is going to take in order to really get turned around. I also want to acknowledge, Carol, that you are one of the people who in fact asked the President's question of me some time ago.

Ms. GREITZER. Yes.

Mr. WEISS. And you are one of the people responsible for my having introduced the legislation.

Indeed, as I said earlier, the legislation is really not even necessary. The administration could by regulation say, yes, you can spend this money for other than just rentals and hotels and whatever else. But since they are not going to do it, we require the legislation.

Ms. GREITZER. I keep asking my Republican Congressman, who I figure has better entree into the White House than some of the rest of us, to remind the President of this problem.

Mr. WEISS. Don't be too sure. It is the Republican Members of Congress who are under attack these days from the White House as a matter of fact. But the other thing that I want to mention is the other hotels that are available.

I was at a meeting sometime within the last few months when the mayor acknowledged and reminded all of us that when he was a Member of Congress, he used to attack the city administration for utilizing the Waldorf Astoria, and spending thousands upon thousands of dollars to house welfare families. So, the problem with putting people into those hotels is that it creates a backlash

against the system itself, and against the people. And it is not their fault as to where they are put.

Mr. GERGES. Yes, but there are 461 hotels in the city of New York; 111 are luxury, which leaves over 350 hotels. We utilize only 58, and we have most of the people in only 12 hotels.

When the mayor had to get hotel rooms in Newark, I picked up the yellow pages and got on the phone. And I called a motel in Queens, I called one in Brooklyn, I called a couple in Staten Island. I had all the rooms I wanted at the same price that we are paying to these hotels. So, for anybody to say that there are insufficient rooms in the city of New York, they don't know what they are talking about.

And it takes maybe a little courage, or maybe there is nothing wrong. I said put them in the Plaza, and they even did a cartoon of mine. But I said supposing I came home and I had a fire in my house, and I had two children. Is the Plaza too beneath me? Well, it is not beneath the other person as well if there is an emergency. It happens to be I did it for a reason, but there is no emergency that there aren't enough rooms in a lot of the hotels during the interim period of time for us to house people. And we could take two rooms in each hotel.

Why do we fill up a hotel full of people and have an impact within the community? Why not take two rooms in some of the hundred odd other hotels, and just have small amounts so that you don't have the impact within one area. Not all of the hotels, everybody thinks all the hotels are in Manhattan. They are not. There are a lot of hotels and motels all over the place. We don't touch them, and we have never aggressively tried to do this. They are starting to do it now because we embarrassed them into doing it.

Mr. WEISS. Thank you very much.

Mr. GERGES. I am going to leave these too.

Chairman FORD. Very well.

Leave them, and they will be made a part of the record.

[The draft report of the New York City Council Select Committee on the Homeless has been retained in the committee files.]

Chairman FORD. The subcommittee will call the Homeless Family Rights Project of the Legal Aid Society of New York. Steve Banks, the staff attorney, accompanied by Anita Gaines; also, Community Service Society of New York, David Jones, general director; and the Children's Aid Society of New York, C. Warren Pete Moses, assistant executive director.

And I think there is a Dorothy Skiba from Chicago, who is here and came here for these hearings. I will recognize you also on this panel if you come down.

The Chair will recognize you in the order that I have called your names. Steve Banks, who will be representing the Homeless Family Rights Project of the Legal Aid Society; David Jones, the general director of the Community Service Society of New York; and C. Warren Moses, the assistant executive director of the Children's Aid Society; and also Dorothy Skiba.

STATEMENT OF STEVEN BANKS, STAFF ATTORNEY, HOMELESS FAMILY RIGHTS PROJECT OF THE LEGAL AID SOCIETY OF NEW YORK, ACCOMPANIED BY BOYD RUBRIGHT AND SUSAN RUBRIGHT

Mr. SCHUMER. And, Mr. Banks, you are accompanied by Anita Gains?

Mr. BANKS. Actually, Ms. Gains, who is a client of ours, had some difficulty getting here because of a problem with the permanent housing in which she was placed in by the city. There was no lock on the door. So, another one of our clients, Boyd Rubright, who, along with his 16-year old daughter, Susan, lives in the Catherine Street Shelter for Families, which is a barrack style shelter about 10 minutes from where we are currently sitting is here today.

Mr. SCHUMER. Can you just spell the last name?

Mr. BANKS. The last name is Rubright, R-u-b-r-i-g-h-t. Boyd Rubright, and his 16-year old daughter, Susan.

First of all, I would like to thank you for this opportunity to share some of our views on this problem. We obviously welcome and wholeheartedly support the legislation that is before the subcommittee today. We have had an opportunity to accompany Congressman Schumer, and a representative of Congressman Weiss to some of the hotels and shelters in the city where our clients are living, so that they can observe firsthand the conditions under which they are living.

It is true, as the subcommittee Chair, Congressman Ford, noted earlier, that the advocates and the governmental entities seem to agree on this issue. There is a pressing need for Federal moneys to develop both transitional housing and permanent housing. I would like, rather than belaboring that point any further, given the eloquence with which some of the governmental leaders have spoken earlier, to focus on the human element of what is occurring in the hotels and shelters, which I think, just given the way the presentations went earlier, may be missing. While in some sense it is preaching to the choir on these issues, I think for the record, it is important to consider exactly what goes on in these hotels and shelters.

As some of you may know, the Legal Aid Society has commenced a number of law suits over the past 4 years on behalf of homeless families with children in this city. And recently an appellate court has found that the city and State are indeed obligated to provide emergency housing for homeless families with children, just as they were found earlier to be obligated to provide shelter to Homeless single men and single women, through litigation that the Coalition for the Homeless brought.

Despite the issuance of court orders and State regulations over these past years, the day to day existence of our clients continues to be just as brutal as the existence was for the original families that came to us some 4 years ago. Conditions in the welfare hotels are nothing short of shocking. To say shocking in this context in this room, misses the impact of exactly what is going on in these hotels.

Earlier, Borough President Dinkins invited the subcommittee to take a tour through some of the hotels and shelters. We would second that invitation. We have clients in every hotel and shelter throughout the city. We are constantly working with families in hotels and shelters, and would be able to have you meet with various of our clients in the hotels and shelters. It is a tremendous problem to have clients come to a setting such as this, as opposed to speaking with them in the circumstances under which they are currently living. And we would ask that you do take us up on that.

Mr. SCHUMER. The chairman said he is going to do that.

Mr. BANKS. Thank you very much.

With respect to the hotels specifically, you have heard about the amounts of money that are being spent, but more appalling is what is being purchased with these amounts of money. Typically, a family with as many as six people, are placed in a room maybe 9 by 12 feet. Two beds for the six of them. No bathroom in the room. Children using bathrooms in the hallway where the walls are covered with blood from junkies. Crack vials, drug paraphernalia in the halls and in the bathrooms. Not from families in the hotel, but from other transients, who are also using these hotels. These hotels are renting rooms on an hourly basis. Throughout the city, the city is placing children in hotels which are used for prostitution.

Rooms in which families are placed usually have no cooking facilities. They have no refrigeration for the most part. What this means is that the family must purchase all of their food in restaurants, and for restaurants they are given an allowance, which up to this point in time has been the amount of $2.17 per person, per day, to buy three meals in restaurants. That amount does not buy a lot of food in a restaurant.

A typical example of a hotel is one in fact in Councilwoman Greitzer's district, which she made some references to earlier, the Allerton Hotel. That is a hotel where the rooms look the way that I described them with the added addition of food being hung from plastic bags in the ceiling to keep the mice from eating the family's food. There is no place in these hotel rooms for children to do their homework. It is no surprise that children are having problems with their education when they are placed in facilities such as this.

Ms. Gaines, were she here, would testify as to how her child at the Martinique Hotel, had to do his homework in the hallway because the room was so small. And I know that Congressman Schumer was in that room, and there was room for two people plus Ms. Gaines and her three children. The room was essentially wall to wall beds.

The security that is provided in the hotels is another problem which are clients face. Abusive conduct by security guards is a constant problem for these clients.

The alternatives to the welfare hotels that are being used by the City, however, are even more expensive and more dangerous at present.

The alternatives used by the city are barrack style shelters for families, such as the Catherine Street Shelter, in which Mr. Rubright and his daughter are living. They are living in a room with five other families. Men, women, and children of all age groups in one room. And they have been there for 3½ months, not for some

temporary period of time until a more permanent facility is found; 3½ months is not a temporary period of time.

They are living in a facility which costs the city $53,000 per year, per family; $147 per night, per family. The city has not costed it out as to large families or small families. They take an aggregate figure. This is from city documents; $147 per night, per family. That is more expensive than even the welfare hotels. And the conditions in these shelters are even more horrendous than the conditions in the welfare hotels.

Some of the larger shelters not only have dangerous conditions, but have men, women, and children sleeping in large rooms with as many as 30 or 40 families in one room together. More than 100 people, not single men or single women, but men, women, and children sleeping in one room. Men, women, and children, which include in some instances pregnant women, infants, children and adults with medical problems, including disabling conditions such as developmental delay, cerebal palsy, brain tumors, tuberculosis, and other contagious diseases. Three of the city's five shelters for families now being used have been quarantined for chicken pox over just the past month.

These are the alternatives that are being used in place of welfare hotels. The alternatives that the city would develop at this moment are in fact more of these institutional style shelters where families are placed in these environments. At the Catherine Street Shelter, by the way, I should also mention that this shelter was initially opened with peeling lead paint over every wall of the facility. The shelter was initially closed by court order because of widespread lead paint violations, asbestos, and widespread outbreaks of diarrhea amongst children and adults. Outbreaks of diarrhea, by the way, also plague the other shelters for families operated by the city.

In fact, we go to these shelters on a regular basis, and physicians have accompanied us. And on any given night, a doctor with us will speak to the families in an institutional barrack style shelter, and all of the families that the doctor speaks to will report that their children now have diarrhea, and have had diarrhea for the entire time that they have been in this facility.

Another aspect of the hotel shelter system as it exists is the disruption of education, not just from a lack of places to study for children in these facilities, but from bouncing between facilities. A family starts in a shelter, they stay in a shelter for a number of months. They go to a hotel, they may be moved from one hotel to the next, back to a hotel, back to a shelter, back to a hotel. Bouncing is the only way to describe what happens.

In this circumstance, health care and education, are completely disposed of.

Chairman FORD. Who decides whether you get bounced or not from one to another?

Mr. BANKS. In part, it is due to city policy. In part, it is due to the welfare hotels, which have decided to put people out in certain circumstances at 28 days to stop the families from gaining rights as tenants. Gaining rights that would allow them to complain about conditions and withhold rent.

We have been involved with efforts to deal with that legally, but I based upon my earlier remark when you were out of the room, despite all the court orders we detain and the regulations we get, the misery and the suffering continue. And there is a need to move on to another system.

Against the bleak background that I have described, there is some hope that your bills would allow to come to fruition, and that is I think developing more cost effective and humane emergency housing, and more adequate permanent housing. A family of four in New York City receives $270 a month rent to rent an apartment on a permanent basis. Just as before, $2.17 a day doesn't buy much food as a restaurant allowance for a homeless family, $270 a month in rent doesn't buy much housing at all. In fact, Mr. Rubright, for himself and his daughter, would only get $226 a month for rent.

Mr. RUBRIGHT. That buys no housing.

Mr. BANKS. That buys no housing at all.

So, by having an aspect of your bill to develop permanent housing, there is a real chance that families such as the Rubrights and others will be able to find permanent housing.

Now, earlier the mayor, or I believe it was Commissioner Perales, spoke about the length of time in shelters and hotels. The average length of stay is, in fact, now almost 14 months in the emergency housing system. And under the city's current production of apartments, families are not even eligible to be referred to permanent housing until they have been in the system for 18 months. That is after 18 months of living in those type of hotel rooms that I have described, and shelters that I have described.

Mr. SCHUMER. Why is that?

Mr. BANKS. That is simply city policy.

Mr. SCHUMER. Why?

I mean, clearly, if the city is spending all this money, they are not happy about it. Let's not look for a nefarious motive under every stone. Isn't it that there is no permanent housing around?

Mr. BANKS. That was going to be my answer.

Mr. SCHUMER. It is basically that there is so little housing that they have a waiting list that is enormously long.

Mr. BANKS. There is no question about that.

The 18-month rule, I think, is one thing that could be reduced significantly, if not eliminated, by the passage of your bill. The mayor's proposal earlier to use the money to rehabilitate permanent in rem units is certainly something that we would wholeheartedly endorse.

In fact, there have been estimates ranging that between 60,000 and 90,000 units exist in boarded up in rem buildings that because of funding at present, the city cannot rehabilitate. And I would assume, based upon the testimony earlier this morning, that moneys from your bill would be used to address this, and those units could go to this particular population.

In the meantime, however, there are viable cost effective models of temporary shelter. Congressman Schumer accompanied us to the Henry Street Settlement, which is the model that I believe Councilman Gerges just spoke about. And other people before this subcommittee also spcke about it this morning. It is clear that providing

emergency housing in an apartment style unit is the preferred way to go. And your bill would allow this to happen.

The reason why it is preferred is important to focus on as we talk about the barrack style shelters and the hotels. At Henry Street families have cooking facilities. They have private living space. They are able to return to stabilized functioning. They are able to begin to function as a normal family. This is in contrast to the family that is bounced around between hotels is living in an abnormal fashion: not cooking, not eating meals together, not having separate space for teenagers to sleep apart from younger children or mothers and fathers, not having space to study. These types of facilities provide stable lifestyles for families that allow them to get their feet on the ground, and get about the business of relocating.

Facilities that don't provide cooking facilities, and that don't provide separate living space, do not provide that type of stability. There is a mythology, by the way, that exists that if you make shelter adequate, too many families will seek it, and you won't be able to get families out of these adequate shelters. In fact, what goes on at Henry Street is that they have a much shorter length of stay than the length of stay that exists citywide. The length of stay at Henry Street is now in the neighborhood of about 9 months. And it is growing by the way, as Congressman Schumer has pointed out, because they are running out of opportunities to place people into.

Mr. SCHUMER. And they place half their folks into public housing, which has a 150,000 family waiting list in New York.

Mr. BANKS. Correct.

However, the stabilizing influence of that type of normal living, allows families to get out more quickly.

More importantly in some sense though, looking at this as a long-term policy, if you build institutional shelters, you are going to be left with institutional shelters in 10 or 15 years, when hopefully the effects of your bill will have been felt. If you build apartment style emergency housing, you will have permanent housing in 10 or 15 years because it is readily convertible.

I would urge the committee in considering the passage of these bills to consider that very important issue. Even as the suffering is great today, I think we have to have a long range view of the problem, and address what our needs are going to be in 15 years. If you build 15 shelters throughout the city with 100 units apiece, that is 1,500 potential units of permanent housing that could exist in 10 years if they are developed as apartment style emergency housing.

Chairman FORD. Thank you.

[The prepared statement follows:]

TESTIMONY OF THE HOMELESS FAMILY RIGHTS PROJECT BEFORE THE SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION OF THE WAYS AND MEANS COMMITTEE OF THE UNITED STATES HOUSE OF REPRESENTATIVES -- DECEMBER 12, 1986

This testimony is submitted by the Homeless Family Rights Project of The Legal Aid Society.

In view of the urgent immediate need for adequate, cost-effective emergency housing and permanent housing for homeless families, we welcome this opportunity to describe the circumstances which currently confront homeless families with children in New York City. In this testimony, we will describe the dimension of the current crisis, the continuing glaring inadequacies of conditions in the "welfare hotels" and institutional mass shelters, and some remedies for the provision of transitional and permanent housing. The legislation before you today -- which would for the first time make federal Emergency Assistance for Families (EAF) funds available for the development of transitional and permanent housing for homeless families -- represents a critical opportunity to relieve the great suffering that is presently being endured by children and their families who are homeless in this City and, indeed, throughout the United States.

As some of you may know, The Legal Aid Society has commenced a series of lawsuits over the past four years on behalf of homeless families with children. As a result of one of our lawsuits, McCain v. Koch, a New York State appellate court has determined that the State and City are legally obligated to provide emergency shelter to homeless families with children. Other lawsuits that we have litigated have successfully challenged the failure of State and City government to provide safe, suitable and adequate emergency housing, assistance and services to homeless families. In addition to our class action litigation, we have provided individualized legal representation to hundreds of homeless families with children over the past four years. Through our emergency hotline for homeless families and our regular outreach work in hotels and shelters used by the City as emergency housing, we have had a unique vantagepoint to observe the circumstances which confront homeless families on a day-to-day basis. We also regularly provide back-up support and assistance to advocates in New York and in other parts of the country.

DIMENSIONS OF THE PROBLEM

Some 4,500 families -- more than 14,000 men, women and children -- are now receiving emergency housing in this City each night. The vast majority of these families became homeless as a result of circumstances beyond their control. They have lost their permanent housing because of fires or vacate orders placed because of dangerous housing conditions. Others had to leave their housing because of deteriorating conditions or because they had been living in overcrowded and unhealthy conditions, doubled-up with relatives or friends in inadequate permanent housing. Some are battered women or children. Some are families who have lost their housing because employment was lost or public assistance benefits were erroneously terminated or a wage earner deserted the family. Still others have lost their apartments or have never been able to afford apartments of their own because rents are higher than the monthly public assistance grant for shelter that is provided in New York City. Indeed, the monthly public assistance shelter grant for a family of four is a mere $270.00.

As you know, one of our clients is here today to describe the realities of being homeless: Anita Gaines, a mother of three children who after nearly four years of living in "welfare hotels" has just recently found permanent housing. Ms. Gaines' testimony speaks for itself -- despite the issuance of Court orders in our litigation, the day-to-day existence of homeless families and their children continues to be as brutal as that experienced by the original families who sought our assistance four years ago. Obviously, the commitment of federal monies to develop adequate, cost-effective transitional and permanent housing for homeless families is necessary to help alleviate the misery and degradation which families like the Gaines family have suffered.

CONDITIONS IN THE "WELFARE HOTELS"

Media accounts detail the fact that children and families continue to be placed in transient "welfare" hotels under conditions which are utterly shocking. Without actually seeing the conditions, it is difficult to comprehend that families with children in 1986 in the United States are living amidst such filth and squalor. Conditions in these hotels are reminiscent -- perhaps even worse -- than slum conditions described by Charles Dickens and later by Sinclair Lewis. Despite the clear requirements of State law, families are regularly placed in emergency housing in hotel rooms with inadequate heat and hot water; bathrooms that lack privacy and are frequently inoperable; single rooms with one or two beds, even for families with several children; filthy, vermin-infested mattresses; no pillows,

sheets, blankets, or towels; no cribs for infants; windows without guards; and doors with broken locks. These hotels offer little security, and children placed in them are regularly exposed to drug traffic, prostitution, and violent crime. Families often report that their children must urinate in tin cans during the night time because parents are fearful of going out of their hotel rooms at night to use "public" bathrooms in the hallways. Other families recount stories of children having to use hallway bathrooms where the walls are bespattered with blood from the veins of junkies. Drug paraphernalia of transients using these hotels is often strewn about in both bathrooms and "public" hallways.

The Allerton Hotel in Chelsea is a prime example of the appalling conditions under which homeless children and their parents are living. Despite State regulatory requirements, families are placed in rooms without bathrooms and parents and children - including fathers and daughters, and mothers and sons - are left to share the same bed in 10' x 12' rooms without basic furniture necessary for daily living. Children have no place to do schoolwork. Food is stored in bags suspended from the floor to keep mice from eating it. There are no cooking facilities.

At other hotels, such as the Turf Motel in Queens, families are placed for only one or two nights at a time -- forcing them to spend all day at their welfare centers, all night at an all-night welfare office to wait for a one-night hotel placement in the early morning hours, and then to repeat that daily process over a period of weeks or even months. Under such circumstances, the education of children, health care and any semblance of normal family life are completely disrupted.

In the face of such conditions, it is no surprise that the City Department of Health has concluded that between 1982 and 1984 the infant mortality rate in New York City's "welfare hotels" surpassed not only the rates of the City's poorest neighborhoods, but even those of some poor, developing nations. (See The New York Times, June 10, 1986, at B3, col.1.)

The cost of placing families in such inadequate and unlawful conditions is shocking. At the Jamaica Arms, for example, the nightly rental rate for families of four is $68.00; rates for families of five and six are $85.00 and $102.00, respectively. At the Carter Hotel in Times Square, the nightly rental rate for a 10' x 14' room for a family of six -- which usually contains only two beds and has inadequate heat, hot water and sanitary facilities -- is $95.10. Monthly rental rates for such inadequate conditions at "welfare hotels" can be as much as $3,000.00 for each family. President Reagan has recently noted that the annual

costs of providing emergency housing for a family can be $37,000.00.

CONDITIONS IN THE MASS SHELTERS

And yet, the alternative to the "welfare" hotel system which the City has utilized over the past 2 1/2 years -- the use of institutional mass shelters for homeless families and their children, including families containing pregnant women and newborns, sick children and adults and persons with psychiatric problems -- is even more expensive and exposes children and their families to even more deplorable conditions. Inspections of these shelters evoke visions of Calcutta or worse.

In mass shelters such as Forbell in Brooklyn and Motthaven in the Bronx, the City pays approximately $41.50 per person, or $166.00 for a family of four, for shelter each night. Even after controlling for daily costs of approximately $7.40 per person for the provision of meals, mass shelters remain substantially more costly than the "welfare" hotels. At the Catherine Street institutional shelter, the City pays at least $53,000.00 per year to shelter each family.

At barracks-style shelters, men, women and children, including young children and opposite sex teenagers, live and sleep in large open rooms. There are no partitions between family sleeping areas. There is absolutely no privacy, and not even a minimal attempt is made to provide it. Supervision and protection of the younger children is difficult, and a number of families have brought to our attention instances of sexual approaches being made to young children in the facility. Sleep is difficult or impossible, with the cries of infants continuing through the night. Diarrhea, rashes and colds are the norm, and there is no adequate screening system to protect against disease. Over the past months, there have been quarantines at three of the City's five barracks-style shelters because of outbreaks of chicken pox. Families live under these circumstances for weeks at a time. Medical experts have confirmed that such placements increase the likelihood of the spread of disease and pose both immediate and long term threats to the structure of the family and to the psychological well-being of both the adults and children.

Meanwhile, at the Catherine Street mass shelter, an abandoned school building in lower Manhattan, conditions were even more dangerous than those at most of the "welfare" hotels. There children and their parents were exposed to, among other things, hazardous lead paint conditions, exposed asbestos, and an unreasonable risk of communicable disease.

They were also provided with inadequate medical services, inadequate sanitary facilities, inadequate privacy, inadequate security and inadequate furnishings for normal daily living. Children and adults placed there contracted diarrhea including highly contagious cases of shigella and salmonella, and influenza and other illnesses were widespread. The shelter was only closed as a result of a Court Order in litigation that we commenced. While at least six million dollars has been spent to correct obvious deficiencies at the Catherine Street, the lead hazards still have not been completely abated. Instead, a maintenance program has been implemented at the shelter which nationally known medical experts have concluded to be inadequate and which within a few years will have cost more money than would be necessary to spend to correctly abate the lead hazards.

REMEDIES FOR THE PROVISION OF EMERGENCY HOUSING AND PERMANENT HOUSING

Against this bleak background, the provision of federal EAF funds to develop transitional and permanent housing would permit the City to utilize available alternatives to hotels or institutional-style shelters in order to provide cost-effective, humane emergency housing and permanent housing to homeless families.

First: Enactment of this legislation would enable the City to phase out the use of squalid "welfare hotels" and institutional-style shelters by permitting the City to develop "family center" style emergency housing housing based upon the model of the Henry Street Settlement. In such "family centers", homeless families are provided with a self-contained living unit, including cooking facilities, bathrooms, and living and sleeping space. As a result of the stabilizing effect of such an adequate environment and the provision of social services, families in such placements are relocated to permanent housing after substantially shorter periods of time than families languishing in decrepit conditions in "welfare" hotels or institutional shelters. For example, while the average length of stay at Henry Street is now approximately 10 months, the average length of stay at the Brooklyn Arms Hotel is 21.4 months. The per diem rental rate at the Henry Street Settlement family center is $49 - $55 for a family of four, which is less than a third of the cost of providing emergency housing in an institutional-style shelter such as Catherine Street or Cumberland, and significantly less than the per diem rates in "welfare" hotels.

The development of such "family center" emergency housing is also far more desirable than expending monies to develop institutional-style shelters because family center

units can ultimately be converted into permanent housing units as the need for temporary shelter is ultimately reduced. Moreover, communities such as East Harlem, which have opposed the opening of institutional-style shelters, have endorsed the development of family center-style emergency housing by rehabilitating City-owned buildings in their neighborhoods. The Emergency Alliance for Homeless Families, a consortium of over seventy social service and community groups chaired by two former Commissioners of the Human Resources Administration, James Dumpson and Mitchell Ginsberg, has actually developed a viable proposal for the development of new family center units which could be effectuated with the passage of the legislation before you today.

Second: While the provision of more humane, cost-effective emergency housing is clearly needed as a short-term solution to the problems of homeless families, the provision of affordable adequate permanent housing is obviously the ultimate solution to meet the needs of homeless children and their families. Passage of the two EAF bills before this Committee would also permit the City to effectively address the pressing need for affordable permanent housing for destitute homeless families. Cutbacks in federal monies for low-income housing have been a critical contributing factor to recent increases in the numbers of families who are homeless in New York City and elsewhere in the country. Moreover, families are remaining homeless for increasing periods of time because of the lack of affordable housing. The Gaines family, for instance, remained homeless for several years. Under the City's current program, homeless families currently consigned to "welfare hotels" or institutional shelters can not be referred to a rehabilitated City-owned apartment until they have been homeless for at least eighteen months.

The availability of federal EAF monies to provide permanent housing for homeless families will clearly permit the City to be able to rehabilitate vacant City-owned building on a more expedited basis as well as construct new housing on vacant City-owned land. Without the commitment of these EAF funds for the provision of permanent housing, families like the Gaines family may continue to languish in unsafe and costly emergency housing in hotels and institutional-style shelters for longer periods of time, which are now well in excess of a year and which are growing increasingly longer. The ultimate social costs resulting from a generation of children who have grown up living in squalid hotels and shelters -- with the inevitable disruption of education resulting from such circumstances -- are likely to exceed the costs of expenditures under the proposed legislation before you. Indeed, children from families consigned to living in hotels and shelters, who often have had no prior history of anti-social behavior, are

becoming increasingly caught up in the criminal and juvenile justice systems.

In closing, for all of the foregoing reasons, we strongly urge that the legislation being considered today be enacted into law as soon as possible. Perhaps as a result of these hearings and the recommendations that we hope will result from them, children and their families will no longer be left to live for indefinite periods of time in dehumanizing and dangerous institutional-style mass shelters or in squalid hotel rooms.

Thank you for this opportunity to present our views on this most tragic problem.

Dated: December 12, 1986
New York, New York

Submitted by

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Staff Attorney
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STATEMENT OF DAVID R. JONES, GENERAL DIRECTOR, COMMUNITY SERVICE SOCIETY OF NEW YORK

Mr. JONES. I have already submitted my testimony.

Chairman FORD. And it will be made a part of the record.

Mr. JONES. And in addition, my organization has just prepared a report talking about alternatives to the welfare hotel using EAF payments to build transitional, and ultimately permanent housing. And I would like, with the subcommittee's permission, to submit that as well.

Chairman FORD. How many pages is it?

Mr. JONES. About 100 pages.

Chairman FORD. We are under some budget constraints with the committee. Let me authorize this to be accompanied with the official record of the committee, rather than being printed as a printed document with the committee. But it will be made a part of the permanent record of the committee.

Mr. SCHUMER. Mr. Chairman.

Chairman FORD. Yes.

Mr. SCHUMER. If I might just ask Mr. Jones, if you could please send a copy of that, I would be very interested in that. And maybe Congressman Weiss also would like a copy?

Mr. JONES. Yes, absolutely.

And we will try to make an executive summary, maybe that will make it easier. This is just hot off the presses, but it is up to date with data.

Chairman FORD. And we would like to make it a part of the record. It will be a part of our record with the subcommittee as well.

Mr. JONES. Fine.

I would just like to make some brief comments because I realize the time pressure.

First of all, I see on the Federal, city, and State level a great deal of good will in terms of government efforts. However, what I do, have a great concern with is the lack of vision concerning what may be happening if we continue in the same direction we are now. EAF payments is only one issue. I think we have to move rather quickly to get those payments in a fashion which will allow us to build permanent and transitional housing, because I see us moving into a period where, if we don't act quickly, the congregate housing that is represented by the hotels in the city of New York may be the housing of last resort for all poor people in the city.

Because of the escalating costs of building new units to cope with people becoming homeless, I feel we are approaching a tip point where you have 4,500 families now living in hotel style living, and other kinds of congregate settings, including 11,000 children; the city now is talking about adding another 15 new shelter type congregate settings which will house another 1,500 to 2,000 people. I fear that, as we move along, we are edging into a new vision of how poor people will be housed in the United States, particularly in this city.

I remember—because I have done some work on the housing authority—in 1933, housing authority units were transitional housing of the time. They were a transition to permanent housing, which

was envisioned at that point to be single houses or apartment units. As we know, housing authority units became permanent housing. I see a similar kind of situation starting to emerge now. A 14-month-plus stay is usual in the Martinique Hotel and other places. We have 2 to 3 year stays as common. I see us moving now toward talking about building new transitional type units and settings—essentially improved Martiniques—and those now becoming the only place people can stay because of the housing crisis that has emerged in the city of New York.

I am concerned also because I don't see much effort going to the generators of homelessness. I don't see any hope in the future unless we start to stop the hemorrhaging, stop people falling into homelessness. Other speakers I think have mentioned the fact that the housing authority estimates some 45,000 people are doubled up in the housing authority at this point. That is the last figures the mayor quoted today.

We think that is only the tip of the iceberg, because I think we can extrapolate, and we do in our report, that there is probably more than double that number if we also include those who are presently doubled up in private housing in the same kind of situation. These are a vast reservoir of people on the edge of homelessness. And because of the problems with the welfare grant, because of the enormous inflation of rents in the city of New York, these people if the economy even moves one iota worse, are going to be dumped into a homeless condition.

The only catchment now is going to be a hotel or barrack like setting. You start to look at a situation where we are essentially trying to help people on a short term basis with solutions that the mayor has proposed, for instance, expanding the Martinique-type choice, last resort for most poor people in the city as we come through the decades.

That kind of lack of vision I think has to be addressed, both by this subcommittee and by bureaucracies and government agencies throughout the Nation.

Chairman FORD. Thank you.

[The prepared statement follows:]

STATEMENT OF DAVID R. JONES, GENERAL DIRECTOR, COMMUNITY SERVICE SOCIETY OF NEW YORK

I am David R. Jones, the General Director of the Community Service Society of New York. We are a nonprofit, social welfare and advocacy organization that, for well over a century, has worked to improve opportunities and conditions for low-income people and communities in New York City.

I want to register our strong support for the two bills before the committee and applaud Representatives Schumer and Weiss for introducing them. They have exposed the absurd waste of resources in our use of emergency assistance for homeless families—namely, they have made it clear that we can use EAF to pay high daily, hotel rates but we can't use these funds as capital to build shelter or housing. They also demonstrate the extraordinary lengths you have to go to nowadays—during a housing crisis of emergency proportions—to get federal participation in meeting the need for low income housing.

An analysis we have just conducted at CSS shows how much might be accomplished through more sensible use of EAF funding streams. With a ten-year guarantee of rates now going to the welfare hotels, a nonprofit sponsor can develop a conventional apartment complex—a "family center" that will shelter 75 to 100 homeless families, each with a fully equipped and furnished apartment. Without further

funding, the nonprofit sponsor can provide sound housing management and a quality core of on-site social services. At the same time the mortgage debt is repaid. Perhaps most important is the fact that within the ten-year period, the sponsor becomes the debt-free, 100-percent-equity owner of residential property that can readily be adapted for secondary use as permanent low income housing, possibly for cooperative ownership. We call the idea the Community Partnership model because of its potential attractiveness to community-based sponsorship.

Almost two years ago the city announced a lease guarantee program that assured EAF funding streams so that private financing could be raised to promote this kind of family shelter development, but the leaseback program seems to be foundering. We believe federal mortgage insurance might help solve some of the financing problem. We recommend such insurance be extended to family centers that function as transitional rather than permanent housing for a period of time.

We also want to register some serious concerns about the need for standards for family shelters developed with EAF-generated capital under HR 4938. The solution to the problem of homelessness facing growing numbers of families is housing—not better, more, or cheaper shelter. The families don't want shelters; the communities don't want shelters. And we can't blame them. With hotel stays averaging 14 months, many from two to three years, what we call "shelter" means housing for the families and children who must live there. In a profound sense, the way we shelter families is a clear reflection of the way in which we are prepared to see them housed.

The use of enormous infusions of EAF funds to shelter families in mass congregate barracks and dormitories and in substandard welfare hotels is a major embarrassment for public planning and policy in New York City. These attitudes seem to persist in the mayor's recently announced plan to construct 15 family shelters for 1,500 families. We understand they will be congregate shelters, where families will get private rooms in space about half the size of a normal apartment for a family of four, replicating the hotel densities we all denounce. We understand there will be shared bathrooms and no cooking and kitchen facilities; families will take their meals in a congregate dining hall. How does one respond to the communities in which these institutions are to be developed, when—as the Community Partnership model demonstrates—it is possible to use EAF to develop family centers that will ultimately become community housing resources.

In short we urge that H.R. 4938 not be used to lower the standards for family shelter and housing; that it be amended to require the development of family centers using traditional standards of apartment space and privacy.

Even as we respond to the housing emergency, the number of homeless families will grow for some time before it abates. We estimate that 103,000 households are now doubled up with friends or relatives and they are at risk of overnight eviction by the landlord or the primary tenant; 200,000 poor renters pay more than half their incomes for rent and risk rent delinquency, eviction, or an unwanted move. Greater creative use of emergency assistance will make it possible to address the present trauma of family homelessness in ways that create future housing opportunities.

STATEMENT OF C. WARREN MOSES, ASSISTANT EXECUTIVE DIRECTOR, THE CHILDREN'S AID SOCIETY OF NEW YORK

Mr. MOSES. I am Warren Moses of the Children's Aid Society of New York. I will try not to repeat anything you already know or have already been told.

I would, if I may, Mr. Chairman, in light of your comments about the 21st century, just offer the following quote from a press release issued by my organization in 1853:

> These same homeless children will soon form the great lower class of our society. They will influence elections, shape the policy of the city, and they will assuredly, if unreclaimed, poison the society all around us and join the great multitude of thieves, robbers, vagrants, et cetera.

This refers specifically to the homeless children in lower Manhattan in 1853, served by the CAS. Today, the Children's Aid Society is second only to the city of New York in the direct services provided to homeless families residing in welfare hotels. Right at this

moment, 60 of our staff are working in the largest hotels in this city, many of them in Councilwoman Greitzer's district, providing health services, dental care, Headstart programs funded by the Federal Government, afterschool services, evening program for teens, family recreation programs on the evenings and weekends, camping trips, educational and tutorial services, and perhaps most importantly, workshops for parents that are designed to help them get out of the hotels and find what little public or private housing that exists in the city of New York that they can afford, or get into renovated in rem Housing.

In addition to that, the Children's Aid Society in partnership with the Junior League of New York, is one of those few nonprofits who have stepped forward and said, "We will build and renovate in rem housing for the poor citizens of this city as a partner with the city in the Capital Budget Homeless Housing Program. That program will renovate precious few housing units. We need much, much more. It is absurd not to support these bills, and to use some of the emergency funds that are available to do precisely that.

We will renovate three buildings, provide transitional housing to 34 homeless families, provide a full measure of social supports for them, and do it for about 75 percent of the cost of housing them in a midtown welfare hotel, which buys rent and rent only.

I would like to disagree with Councilman Gerges and emphasize the terrible importance of continuing to provide services within the welfare hotels. Whether we like it or not, if we start tomorrow with a much needed Federal housing policy, and with the dramatic increase in the shelter allowance, at least one and probably two generations of children are going to grow up in those hotels.

We must provide services to these children in every hotel that they live in. Our pediatricians in those hotels find things that are almost unimagineable. The health services that we provide assist children dramatically. Our services improve school attendance. It is a very simple thing we do. We show up at 6:30 in the morning, we wake every kid up, we get them breakfast, and we get them on the school bus. School attendance increased 50 percent within a week of our providing that service.

The board of education just funded district 2, the district which in this area houses a very large number of homeless children. They should be providing a wake up service if nothing else. Hotels that cost this much should have wake up services. It improves school attendance dramatically. So, the services in the hotels are absolutely essential. They can be done by nonprofits, and they need not be terribly expensive.

Next, I would like to mention that we think thousands and thousands of units of in rem housing can be rehabilitated each year, but there must be incentives to get the private sector involved. The public sector is building to its present capacity, as I am sure they told you this morning. There have to be ways to declare a housing crisis, use emergency money to renovate in rem housing, and along with that to raise the shelter allowance so that that housing will not be abandoned 3 years after the emergency program is over. No one can afford to own a building in this city that is housing poor families on the shelter allowance. You simply can't maintain the

building. So, we must have a long range program that does both of those things.

Lastly, not to replicate other invitations, but at 3:30 this afternoon, at the largest welfare hotel in the city, the Prince George on 28th Street, my staff will be leading a Christmas Party and a tree lighting ceremony. And we would be delighted to have you join us.

I will be happy to answer any questions.

Chairman FORD. Thank you very much.

[The prepared statement follows:]

TESTIMONY

PRESENTED BY:

C. WARREN MOSES
ASSISTANT EXECUTIVE DIRECTOR
THE CHILDREN'S AID SOCIETY
105 EAST 22ND STREET
NEW YORK, NEW YORK

CHAIRMAN FORD, LADIES AND GENTLEMEN, I AM C. WARREN MOSES, ASSISTANT EXECUTIVE DIRECTOR OF THE CHILDREN'S AID SOCIETY OF NEW YORK.

THE CHILDREN'S AID SOCIETY WAS FOUNDED IN 1853 FOR THE SOLE PURPOSE OF CARING FOR HOMELESS CHILDREN IN THE CITY OF NEW YORK. IN OUR FIRST PRESS RELEASE ISSUED MAY 20TH, 1853, WE URGED THE CITIZENS OF NEW YORK TO RECOGNIZE, AND I QUOTE, THAT, "HOMELESS CHILDREN HAVE THE SAME CAPACITIES, THE SAME NEED OF KIND AND GOOD INFLUENCES AND THE SAME IMMORTALITY AS THE LITTLE ONES WHO RESIDE IN OUR OWN HOMES." WE FURTHER URGED THE CITIZENS TO RECOGNIZE THAT, "THESE SAME HOMELESS CHILDREN WILL SOON FORM THE GREAT LOWER-CLASS OF OUR SOCIETY, THEY WILL INFLUENCE ELECTIONS; THEY MAY SHAPE THE POLICY OF THE CITY; THEY WILL ASSUREDLY, IF UNRECLAIMED, POISON SOCIETY ALL AROUND THEM. THEY WILL HELP TO FORM THE GREAT MULTITUDE OF ROBBERS, THIEVES AND VAGRANTS WHO ARE NOW SUCH A BURDEN UPON THE LAW RESPECTING COMMUNITY"; THIS LADIES AND GENTLEMEN, WAS WRITTEN IN 1853. 133 YEARS LATER, THE CITY, STATE AND NATION CONTINUE TO BE UNABLE TO ADEQUATELY PROVIDE FOR THE NEEDS OF OUR POOREST CITIZENS. AS YOU HAVE HEARD, THERE ARE PRESENTLY 12,000 HOMELESS CHILDREN AND 4,500 HOMELESS FAMILIES LIVING IN THE CITY OF NEW YORK, MOSTLY IN THE WELFARE HOTELS YOU HAVE HEARD SO MUCH ABOUT.

FOR THE LAST 3½ YEARS, THE CHILDREN'S AID SOCIETY HAS PROVIDED A WIDE-RANGE OF DIRECT SERVICES WITHIN MANY OF THOSE HOTELS. THESE SERVICES HAVE THREE BROAD OBJECTIVES: FIRSTLY, TO ENSURE THE SOUND HEALTH OF ALL CHILDREN IN OUR CHARGE. SECONDLY, TO PROVIDE A RANGE OF AFTERSCHOOL, EVENING AND WEEKEND RECREATIONAL PROGRAMS DESIGNED TO HELP CHILDREN AND THEIR PARENTS ENJOY A MODICUM OF FAMILY AND COMMUNITY LIFE. THIRDLY, OUR WORKSHOPS WITH PARENTS ARE DESIGNED TO MAXIMIZE THEIR READINESS TO FIND PERMANENT HOUSING, TO MAINTAIN THAT HOUSING AND TO ESTABLISH THEMSELVES PERMANENTLY IN NEW NEIGHBORHOODS SO THAT THEY DO NOT RETURN TO THE HOMELESS SYSTEM. SPECIFICALLY, OUR HOTEL-BASED SERVICES INCLUDE: A HEADSTART PROGRAM, AFTERSCHOOL PROGRAMS FOR ELEMENTARY SCHOOL-AGED CHILDREN, EVENING RECREATIONAL PROGRAMS FOR TEENS, FAMILY RECREATIONAL ACTIVITIES, SPECIAL WEEKEND PROGRAMS, HEALTH CLINICS, DENTAL CLINICS, MENTAL HEALTH COUNSELING SERVICES, PARENT WORKSHOPS AND EDUCATIONAL SERVICES, INCLUDING: TUTORIAL AND REMEDIATION, PARENT WORKSHOPS AND CONCRETE SERVICES SUCH AS SERVING OF HOLIDAY MEALS, SPECIAL FOOD SUPPLEMENTS, DISTRIBUTION OF CLOTHING AND TOYS. IN ADDITION, THE CHILDREN'S AID SOCIETY HAS WORKED CLOSELY WITH THE CITY OF NEW YORK IN IDENTIFYING FAMILIES READY TO MOVE IN TO RENOVATED HOUSING STOCK. THE SOCIETY'S ROLE IS TO PREPARE THE FAMILIES FOR THE MOVE, TO PREPARE EXISTING TENANTS IN THE BUILDING FOR THE INFUSION OF SOME HOMELESS FAMILIES' INTO THEIR DWELLING, TO PREPARE SERVICE PROVIDERS IN THE NEW COMMUNITY TO RECEIVE THE HOMELESS FAMILIES AND TO REMAIN IN THOSE NEIGHBORHOODS PROVIDING SERVICES TO THE HOMELESS FAMILIES UNTIL THEY ARE FIRMLY ESTABLISHED AS PERMANENT RESIDENTS WELL CONNECTED TO REQUIRED INSTITUTIONS AND AGENCIES. WE ARE PRESENTLY ACTIVE IN CENTRAL HARLEM AND IN THE HUNTS POINT SECTION OF THE BRONX IN THIS AFTERCARE PROGRAM.

FINALLY, THE CHILDREN'S AID SOCIETY, IN PARTNERSHIP WITH THE JUNIOR LEAGUE OF NEW YORK HAS JOINED WITH THE CITY OF NEW YORK IN A CAPITAL BUDGET PROJECT DESIGNED TO RENOVATE ABANDONED PROPERTY CURRENTLY OWNED BY THE CITY FOR USE AS TRANSITIONAL HOUSING FOR HOMELESS FAMILIES. THIS PROGRAM IS SPECIFICALLY DESIGNED TO RENOVATE ABANDONED PROPERTY, PROVIDE SUBSTANTIAL LEVEL OF SOCIAL SERVICES AS WELL AS HOUSING FOR HOMELESS FAMILIES FOR A COST WHICH WILL BE LESS THAN THAT CURRENTLY PAID FOR RENT ONLY, IN THE WELFARE HOTELS. TWENTY-ONE PROJECTS ARE PARTICIPATING IN THIS CAPITAL BUDGET PROGRAM HERE IN NEW YORK BUT MUCH, MUCH MORE NEEDS TO BE DONE. MOST IMPORTANTLY, THIS IS PRECISELY WHY EMERGENCY FUNDS MUST BE ABLE TO BE USED TO RENOVATE HOUSING FOR HOMELESS FAMILIES. AT PRESIDENT REAGAN'S NEWS CONFERENCE ON IRAN, AN AGGRESIVELY ASKED QUESTION ON HOMELESS FAMILIES AT THE END OF THE NEWS CONFERENCE MET WITH AN INTERESTING RESPONSE BY THE PRESIDENT, HE SAID THAT HE HAD HEARD THAT UP IN NEW YORK, THE CITY WAS PAYING THOUSANDS OF DOLLARS IN RENT TO HOTELS TO HOUSE HOMELESS FAMILIES. HE DIDN'T UNDERSTAND WHY SOMEONE DIDN'T JUST, "BUILD THEM A HOUSE". THAT'S EXACTLY WHAT WE NEED TO DO AND WE NEED TO CHANGE THE REGULATIONS THAT PRESENTLY PREVENT EMERGENCY MONEY FROM BEING SPENT ON RENOVATION AND CONSTRUCTION OF PERMANENT HOUSING FOR HOMELESS FAMILIES.

AS TO WHY THERE IS A GROWING CLASS OF HOMELESS FAMILIES IN THIS CITY AND IN MANY OTHERS, THE REASONS ARE NOT MYSTERIOUS. THE PRESENT SHELTER ALLOWANCE OFFERED TO A FAMILY OF FOUR IN THE CITY OF NEW YORK IS INSUFFICIENT FOR THE MAINTENANCE OF ANY PROPERTY WITHIN THE FIVE BOROUGHS OF NEW YORK. LANDLORDS, QUITE SIMPLY, CANNOT AFFORD TO OWN THESE BUILDINGS. EVEN NON-PROFIT LANDLORDS CANNOT SURVIVE AT THIS LEVEL AND NO NEW PUBLIC HOUSING IS BEING BUILT. THE SHELTER ALLOWANCE MUST BE INCREASED.

IT CANNOT GO WITHOUT SAYING THAT WE MUST DO MORE THAN BUILD HOUSING ON AN EMERGENCY BASIS. ONCE HOUSING IS RENOVATED AND BUILT FOR THE HOMELESS, ADEQUATE PROGRAMS (INCLUDING RAISING THE SHELTER ALLOWANCE) MUST BE IN PLACE TO ENSURE THAT THESE BUILDINGS DO NOT, AGAIN, FALL TO DISREPAIR AND ABANDONMENT. THE FINANCIAL SUPPORTS MUST BE AVAILABLE TO MAINTAIN THE PROPERTIES. ADDITIONALLY, THE SERVICES NEEDED BY THESE POOR FAMILIES MUST EXIST WITHIN THE COMMUNITIES WHERE HOUSING IS BUILT OR WE WILL, ONCE AGAIN, REAP A HARVEST OF DESTRUCTION OF HOUSING BY POOR PEOPLE.

FOR FIFTY YEARS OR MORE, GOVERNMENT AT ALL LEVELS (INCLUDING THE FEDERAL) HAS ASSUMED RESPONSIBILITY FOR PROVISION SHELTER TO THE POOREST AMONG US. IT IS ESSENTIAL THAT THERE BE A FEDERAL HOUSING POLICY AND THAT STATE AND CITY HOUSING POLICIES AND REGULATIONS BE REVISED TO ASSURE THAT ALL LEVELS OF GOVERNMENT ARE WORKING TOGETHER TO PROVIDE THE HOUSING SO TERRIBLY NEEDED BY THE POOREST OF OUR CITIZENS. CLEARLY, GOVERNMENT IS PAYING DEARLY TO SUPPORT THIS POPULATION - IT'S ESSENTIAL THAT THIS MONEY ABE SPENT WISELY AND IN A COST-EFFECTIVE MANNER.

THE CAS HOMELESS PROGRAMS--A SUMMARY

C. Warren Moses
Assistant Executive Director
November 13, 1986

The Children's Aid Society has been providing services to homeless children and their families living in welfare hotels since May 1984. As one of the few voluntary agencies providing direct services to this population, CAS' primary goal has been to create a "model program" which other agencies can replicate in whole or in part. Through an ongoing needs assessment process, the scope of services provided to these families has expanded as unmet needs were identified.

We have been able to observe marked improvement in many clients. Parents have enrolled in GED courses, resumed their place in the job market, become involved in counseling including alcohol education and rehabilitation programs, begun to be cognizant of family needs, received medical services, and secured permanent housing and aftercare services enabling them to be integrated into community settings.

While the projects have enabled us to observe improvement on many levels, it remains clear that services in a welfare hotel can in no way be a substitute for a family's speedy relocation to permanent housing. The cramped quarters with little or no privacy, inadequate cooking facilities, unsafe conditions and stigma attached to this living arrangement exacerbates in no small way, a family's ability to nurture and provide for their children.

It is equally clear that until affordable and available housing is provided, the role of caretaker during this transitional phase is a critical one that must be addressed by both the public and private sectors. For as long as families are placed in welfare hotels, our mandate to provide services to those children most in need must be upheld.

Background

Before homelessness became prominent in the news, The Children's Aid Society began to research the problem through its own case records. The record review made it apparent that the homeless population was no longer confined to "bag ladies" and teenage runaways; but now included many families with young children.

All intakes from the CAS Emergency Foster Boarding Home Units, that had been gathered over one year were read and exposed some salient features. These records identified housing (homelessness) as an issue that must be addressed. Consequently, CAS in conjunction with the Child Welfare League of America, embarked upon a research project federally funded by Health and Human Services, entitled "Homeless Young Children and their Families". The goals of this project were to identify the needs

of the homeless population and to design and implement a demonstration service delivery program.

The consolidation of the background information gathered, as well as the recognition of the extent of the problem (over 4,000 homeless families in New York City) effected the design of an 8 week service delivery program which was implemented in Summer, 1984. The intention of the design was twofold: to identify and describe the impact of hotel living, both emotionally and physically on the homeless child while heightening the parent's awareness of their child's needs; and to provide much needed recreation and concrete services to families.

The initial phase of services included: A Day Camp Program, designed to familiarize children with New York while providing them with a positive socialization experience; An After-school Program, located at a nearby public school which operated five (5) afternoons per week and provided youngsters with both educational and recreational activities; A Truancy Prevention Program which took the form of a "Hall Worker" who roused families in time to get children on the school bus; Medical and Dental Services which were provided to each child participating in the program, including follow-up and referrals. Parents groups were provided through a sub-contractual relationship with the Single Parent's Resource Center. These groups addressed both child and parent centered issues.

In addition, complete medical, educational and psychological assessments helped CAS to redesign future programs according to identified need.

Using the findings of this summer experience and continuing the needs assessment process, the scope of services provided to these families were further expanded as unmet needs were identified. One of the many results of this process has been site expansion. Three sites have been included in the project: the Hotel Latham in Manhattan, the Conca D'Oro in Staten Island and the most populated "welfare hotel" in New York, the Prince George Hotel.

As a new venture in service provision to homeless families, CAS has embarked upon direct provision of housing. CAS has been approved by both HPD and HRA to renovate housing located directly across the street from a CAS Community Center, thereby, guaranteeing the provision of appropriate aftercare services.

The Homeless Programs have been designed to provide comprehensive and intensive services to each family on all points of the continuum from "Hotel to Home".

The description of services that follows will take you through a day in the life of a family in a welfare hotel, highlighting the services provided and the cost of the service.

This "menu" format illustrating services and cost is being used to point out the need for comprehensive service provision, while recognizing that individual providers may be constrained by limited resources allowing them to provide only a portion of the services needed in a particular site.

I. Head Start Services

A. Head Start Model (3 - 5 year olds)

At 8:00 a.m., the parents with children from 3 - 5 years of age bring the youngsters to the Head Start Program. There are two - three hour sessions, meals are included.

The objective of the Head Start program is to counteract the effect of hotel living and promote the healthy development in 3 to 5 year old children of physical growth and the necessary attitudes and skills for later school learning. Because of the children's extremely deprived and fragmented lives caused by hotel living, the program is especially sensitive to their social-emotional needs. The staff emphasizes the importance of self-worth and attempts to provide a caring environment. Parents are actively engaged in all aspects of the program.

B. Home Based Infant Care Program

Families with infants 0 - 2 years old have scheduled appointments from 9:00 a.m. - 5:00 p.m., Monday thru Friday in the Home Based Infant Care Program.

A community health nurse and/or an infant teacher visits the assigned infant and mother in their hotel room for one hour twice a week at a time of the day that is mutually convenient. A two hour socialization group experience, consisting of six infants and mothers and two infant teachers are scheduled every other week at the hotel site. During the session for infants, a mothers' group meets for an hour with the psychologist/social worker/teacher/nurse/nutritionist depending on the topic of need or interest generated by the parents.

Twice-a-week hotel-room-based experiences with the infant teacher and/or nurse (occasionally the social or family worker) offers "hands-on" activities concerning preparation of food,

feeding, play, sleep activities for the infant. Mothers learn about the importance of holding the baby and talking to the baby during routine activities. The staff demonstrates how materials that they possess can be used or converted into appropriate playthings for their infants. Activities and programs are individually adapted to the parents' expressed needs as well as needs based on professional observations.

The annual cost of this Head Start and Infant Stimulation Program serving 80 children is $254,000. (Funded through a Federal Health and Human Services Grant which concludes on 6/30/87).

II. Medical Services

Parents whose children need medical care can bring them to the medical clinic located on the second floor of the hotel on any one of 3 afternoons per week.

A walk-in medical clinic operated by the CAS is located directly across the corridor from the two Head Start rooms. The clinic is staffed by a pediatric nurse practitioner and a pediatrician. Each child is provided with appropriate medical services.

Initially, a complete medical history is taken by interviewing the parent. Any available records of past medical care or pertinent educational records will be included.

Following this, a complete medical examination is performed by a P.N.P. including: vision screening, Bell-tone audiological screening, musenloskeletal examinations, gross neurological systems evaluations, height and weight, urinalysis and complete blood counts -- hemoglobin, hematocrit, sickle cell screening, FEP levels to screen for lead, and HGB electrophoresis where indicated. Also, tuberculin testing is done as a matter of course.

CAS is currently considering establishing a satellite dental clinic on-site in the hotel. Presently, referrals are made to the CAS dental clinic on East 45th Street.

The annual cost of medical services at the Prince George Hotel (450 families) is $66,000. (Private funding)

3. Intensive Care for Homeless Families

A full-time social worker has been assigned to six families in order to help them to obtain a maximum level of self-

sufficiency and non-dependency on the public sector.

In order to achieve these goals, an "Intensive Care Program" utilizes aggressive case management and advocacy within a manageable caseload. Areas requiring special emphasis include: locating permanent housing, employment, appropriate education, training in parenting, household management and nutrition and counseling.

The families meet weekly as a group to discuss their progress and the task at hand. They have, through this process, identified new sources of housing and are exploring the job market. Many of the children of the families in this program use the Afterschool Program to reduce the negative impact of hotel living.

The cost of the Intensive Care Program is $30,000. (Private Funding)

As children begin to return from school, the recreational programs operating on-site in the hotel ballroom at the Prince George Hotel begin.

4. The Afterschool/Camp Program - Prince George Hotel

The model Afterschool Program provides social, cultural, educational and recreational activities to the children and their families living in the Prince George Hotel.

Concurrent with the educational tutorial program, arts and crafts (including drama and music) are offered on a rotating schedule enabling the children to express themselves through many appropriate vehicles.

With the assistance of HRA, we have secured space on-site in the Prince George Hotel. This space is a renovated ballroom (cap. 300 persons) where mass recreational activities are conducted. Basketball leagues and clinics are conducted, utilizing portable basketball equipment. Ping pong, pocket billiards and nok-hockey is included in program.

This program serves hundreds of youngsters in the hotel ballroom every Monday through Friday, from 3:30 - 6:30 p.m. and on Saturdays.

As the school year came to a close, the program switched from the Afterschool program with primary "in-house" programming to a camp program replete with activities designed to give children, living in the Prince George Hotel, a broad experience of the total city.

For the 6 - 12 year olds, the camp day begins at 8:30 a.m. with breakfast. Each day, the campers are taken on bus trips to areas of interest in New York. On a typical day, the bus trips will include destinations such as: the Bronx Zoo, Coney Island, the Museum of National History and a visit to a Board of Education specialized creation program. Every Tuesday, the campers attend the children's play series sponsored by the Lincoln Center for the Performing Arts. Lunch is also provided every day.

The annual cost of the Afterschool/camp program is $150,000. (Human Resources Administration contracts which concludes 12/30/86).

5. The Teen Program - Prince George Hotel

The lack of services available to teens in the hotel became glaringly apparent as we become actively involved with families in the hotel. As the Afterschool program ends, the teen Program begins.

Teen Program provides the same quality programming to teens that was available to the younger children. The hours for the teen program are: Monday through Friday, from 7:00 - 10:00 p.m. In addition, there are special programs each weekend.

During this time, teens are provided with recreational activities, including basketball, ping pong, nok-hockey, special events. A tutoring program is well utilized.

During the summer months, the Teen Program operates from Monday through Friday, 1:00 - 10:00 p.m. The focus of the activity schedule is in familiarizing the teens with their city, and removing them from the destructive hotel environment. Activities for teens include: cook-outs at the state parks, visits to beaches (Jones Beach, Brighton Beach, Coney Island, etc.), movies, Bear Mountain outing, an action park adventure and evenings at the CAS' Dunlevy Milbank Community Center. Included in teen programming are: tennis lessons, dance lessons, swimming instructions, ice cream making, a fashion show in which teens and their parents "made and modeled" their own clothes.

The annual cost of this program is $56.000. (Funded through a Public/Private Match).

Programs vary from hotel to hotel. A pilot program in one hotel often becomes an established program in another.

6. Library Program - Latham Hotel/Prince George Hotel

An innovative library program was instituted at the Latham Hotel with the intent of familiarizing the children in the Hotel with their local library, and create a new and profitable avenue of entertainment for them. This program has been expanded to the Prince George Hotel.

Each child applies for and receives a library card and learns how to borrow books. In addition, the local library engages in educational activities with youngsters visiting the facility (i.e. mask making) and has been actively involved in the success of this program.

The annual cost of this program is $10,800 serving 50 youngsters. (Funded through Youth Bureau)

7. Family Dinner Program - Latham Hotel

The CAS' Rhinelander Center operates a family dinner program yearly from September through June for parents and their children who are living in the Latham Hotel. On Thursday evenings, 25 families are brought to the center to participate in a meal that they had helped to plan and prepare. The Junior League volunteers (see volunteers) actively participated in this program.

The unique nature of this program is that it focuses directly on the family as a whole, allowing parents and children to participate together in activities. Consequently, the family structure is strengthened and appropriate ways of interaction between family members are reinforced.

The annual cost of this program is $20,000 (Private Funding)

8. The Conca D'Oro Hotel - Staten Island

CAS' Goodhue Center located on Staten Island, has "adopted" the Conca D'Oro Hotel, and provides year-round services to the families and children living there. The Conca D'Oro Hotel is the major facility serving homeless families on Staten Island. This program currently includes a summer day camp, afterschool program, hot meal programs and medical services, serving 100 families and utilizes a local public school and the Goodhue facility, a complex of services located on 42 acres of land in Staten Island.

The annual cost of this service is $92,000 (Funded through Human Resources Administration grant which concludes 6/30/87)

9. Volunteer Component

The Children's Aid Society, in conjunction with the Junior League of the City of New York, has trained volunteers to work with families in the hotel preparing them for the transition to permanent housing. We have a cadre of 20 - 40 trained volunteers in the hotel programs. The response to this effort by the Junior League has been so great that they expect another 20 volunteers to sign up for the homeless programs in the fall.

The Marble Collegiate Church, located in 29th Street and 5th Avenue, around the corner from the hotel, enlisted the help of the CAS in organizing training and engaging over 60 volunteers.

These volunteers have chosen two avenues for the delivery of their services; one is to provide specialized sessions in the volunteer's particular area of expertise and the second is to participate in the weekend program and on trips as workers.

The annual cost of this program is $12,000. (Private Funding)

As initially stated, the CAS' services to homeless families provides the needed support from "Hotel to Home". In order to fulfill the second phase of this mission, an aftercare program has been developed.

10. The Aftercare Program

Inherent to the design and structure of the Aftercare program is the preparation of the parents and children for the move into permanent housing. The ultimate goal is to facilitate the family's integration into a new community and thereby prevent recidivism.

The CAS' previous program experience has indicated that the parents are in need of service after they have moved out of the Hotel and into permanent housing. The transition from hotel to home is often as traumatic as the experience of becoming homeless. Adjustment to apartment living is not an effortless process. Many of the expectations ("The problem will all end when I get housing") may not be met. Having been confined to one room, the family system has been altered in such a way as to require readjustment when more adequate space is available.

The Children's Aid Society along with the New York City Department of Housing Preservation and Development, Has designed and successfully implemented a Pilot Aftercare program. This program identifies, trains and follows families who are ready

and able to move into renovated apartments, consequently, dramatically increasing the client's ability to maintain an apartment.

HPD has given the project access to approximately 25 recently renovated apartments at 1325 Lafayette Avenue in the South Bronx. Families have been selected and have moved into these apartments. Each family "contracts" with the CAS for services and, through our alliance with a consortium of providers in the South Bronx, we have been able to deliver the needed services. We expect to continue this work and will expand this program to include families residing in the Prince George Hotel as additional renovated apartments are made available.

The cost of providing this service to 50 families is $81,000. (Private/CAS Funding)

11. Parent's Program

CAS in conjunction with The Single Parent's Resource Center, a non-profit agency, has chosen to replicate their successful parent's group project in the Prince George and Latham Hotels. Twenty-five parents will be recruited from each hotel to participate in one group session per week designed to raise each member's self-esteem, address the issues inherent to hotel living, improve parent/child interactions and prepare parents for the move to permanent housing. In addition, each hotel will have a part-time case manager whose mission it is to coordinate the parent's access to services and to promote participation in other CAS programs.

The annual cost of this service is $50,223.(Funded through Children's and Family Trust Fund N.Y.S.)

12. Special Events & Engagement Activities

In attempting to engage the families residing in the Hotel in the program, the CAS held a number of mass activities designed to introduce the agency to the entire hotel population.

Each child in the Afterschool Program has received an Afterschool sweatshirt, a winter coat and gloves.

The distribution of clothing is also used as an incentive to involve parents in the program. Our initial mass activity involving the families participating in this program was a Halloween Party, held on site in the Hotel ballroom. This party was organized through CAS's Coordination with an existing parents

group composed of parents currently residing in the hotel. Games and other recreational activities were organized for the children. The parents participated as organizers and group workers. At the end of the party, all children were given "trick or treat" bags, hot dogs and other snacks. The response to this party was excellent and consequently our program received an enthusiastic response.

On thanksgiving Day, we provided the traditional turkey dinner to 400 families living in the Prince George Hotel. For many of the families, this represented their only opportunity to share in this holiday.

During the Christmas season, a number of special events were held:

A Christmas Tree lighting, complete with carols, was held on the Sunday before Christmas, with an open invitation to the community to attend. We provided the tree and the decorations and the necessary technical assistance.

Christmas gifts were distributed to approximately 500 children and two parties were held: one for the infant care program members (gifts were distributed to both parents and children, including siblings) and one for the older children participating in program. The second party was held off-site and gifts were distributed to parents and siblings as well.

The annual cost of the special events were $30,000. (Private Funding)

13. Post-Hotel Support Services

The Human Resources Administration and Housing Preservation and Development have approved for renovation thirty-nine (39) units in three (3) buildings adjacent to The Children's Aid Society Dunlevy Milbank Childrens Center in Central Harlem.

These units will provide transitional housing to homeless families with a strong social service component provided by The Children's Aid Society. The anticipated cost of this project is $2.2 million, largely provided through public funding.

The annual cost of providing this post-hotel support service is $100,000 with funding secured through private sources.

14. Future Programming: The Relocation Project

The accomplishments of this program continue to generate excitement on many levels in regard to its important contributions to service to homeless families in New York City.

As a result of the CAS' ongoing needs assessment process and involvement with the families at the Prince George Hotel, a service provision plan, drawing upon the existing resources has been developed which will broaden the current scope of services and more fully address the needs of homeless families.

In order to utilize the resources created by both the Afterschool and the Head Start Programs, CAS wishes to create a relocation project which will address both the housing and vocational needs of any parent whose child is involved in a CAS Homeless Program.

The Relocation Project will be coordinated by an Independent Living Planner who will access information from the ongoing programs, establish screening procedures for families, coordinate the housing information, integrate volunteers into the program, supervise the paraprofessionals, assist families in accessing other CAS services, establish referral arrangements with other providers, and monitor the Aftercare component.

The independent Living Planner will operate out of an office located close to the hotel. Families who are involved in CAS' programs will be provided with vocational counseling by a Vocational Counselor and apartment referrals by the Housing Specialist.

The project will employ a trained Vocational Counselor to help parents develop resumes and interviewing skills, identify areas of possible employment opportunities, search for available jobs, and secure and maintain employment. In addition, the Vocational Counselor will hold seminars on employment,

The Housing Specialist will seek housing from a number of different sources: the 7A Administered Programs, the Department of Housing Preservation and Development, and private landlords utilizing the EARP Program which offers a $10,000 bonus to landlords accepting homeless families. The Housing Specialist will attempt to identify housing in a multiplicity of areas in order to meet both the social and service needs of the various families using the program. In addition, the housing Specialist, in order to empower parents, will provide educational seminars and sessions to help motivate parents to secure their own housing.

The Paraprofessionals will escort families to interviews, meetings with landlords, lease signings, welfare offices, and stores (ie. for furniture). In addition, the Paraprofessionals under the direction of the Independent Living Planner, will provide the outreach services on-site in the hotel.

It is expected that the office for the Relocation Project will be open from 9:00 a.m. until 5:00 p.m., 5 days per week. The programs expected to refer families include: the Homeless Head Start Program, the Afterschool and Teen Programs at the Prince George Hotel, the Parents and Children's Project serving both the Latham and the Prince George, the Latham Family Dinner program, and the Latham Afterschool Program.

CAS believes that the addition of this program will incorporate the essential ingredients for successful relocation into an already substantial service program.

The Children's Aid Society has illustrated an agency's ability to lessen recidivism and minimize the negative impact of hotel living on children and their families. The objectives in developing a model program is to enable other voluntary agencies to replicate this program using the new service technologies CAS has developed for this unique population.

STATEMENT OF DOROTHY SKIBA, CONCERNED PEOPLE'S ACTION, WELFARE RIGHTS IN THE CITY OF CHICAGO, NORTHWEST SIDE

Ms. SKIBA. My name is Dorothy Skiba, and I am with Concerned People's Action, Welfare Rights in the city of Chicago, Northwest Side. And I am here at the behest of the End Hunger Campaign of Chicago, IL, also.

Just a couple of comments. One is, of course, I want to thank you for your bill. Any Federal assistance that the cities can have is greatly needed. I think some people might be aware that in Illinois, in Chicago specifically, our mayor was under attack recently because he had to raise our real estate taxes once again due to the fact that there was an $80 million gap in our city budget. The gap was caused by the Federal budget cuts that had to do with social services that we needed provided through the department of human services, and our fire department, and our police department in Illinois.

And we took care of business. It didn't make him any more popular, and it certainly won't get him any extra votes. But he will get in any way. But the fact still remains that the more you keep cutting from us, the harder we suffer and the more we have to pull from our own local municipalities.

Suffice it to say I am really appalled. This is my first time to New York. I had heard very minimally about welfare hotels, and I am disgusted, disheartened, dissatisfied, and the only thing I can say is I am wondering why all of the welfare recipients in the State of New York have not rose up angry and just tore this city down brick by brick, because I would do it in Chicago. I would lead every one of my friends along with me to tear it down. We would never allow any mayor to do to us what is happening here.

I am a welfare recipient, and I go into the welfare offices throughout the city of Chicago, and I even get referrals from the suburbs. We don't charge anyone. We just go in and represent them in lieu of the legal assistance foundation because you all have a waiting list, and we don't. We are on call 24 hours a day, 7 days a week. The problem comes in where if you told me one of my clients was being told that they had to live in a place where there was prostitution and dope dealing going on, no, no, no. We would get right on the phone. You can't do this. We will sit in your office, and you will have to put up homeless people at 624 South Michigan, but not in a welfare hotel.

And then the kind of money that you are paying. All I can say is we don't have welfare hotels in Chicago, and we don't have them in Illinois. What we do with the money, and what I could see it doing is I could see it helping the city to put together city sponsored shelters, which is something that we have been proposing to the mayor, but as you can see without the extra funding, it is just a no can do situation. And he is the kind of mayor who would do those kinds of things because he has other things in place for the homeless.

I volunteered all of last winter in between other things that I do, one night a week at the West Town Emergency Shelter, which is in the Logan Square neighborhood. And we were only supposed to shelter approximately 40 males, and I think our maximum was 10

females. We usually ended up on the very cold nights with around 55 to 60 males, and around 4 or 5 women. But the problem is that they were not allowed to come into the shelter until 10 o'clock in the evening, and they had to be put back on the streets at 6:30 in the morning. The majority of our shelters in Chicago are not warm up centers where you can come in throughout the day and keep warm and get a cup of coffee and a donut or some kind words. They are the kind that are just for overnight services only.

And the men were lined up at 7 o'clock in the evening hoping for a bed at the shelter where I was at. So, they waited 3 hours in sub-zero weather hoping that they would be able to spend at least a few hours in warmth. And the one thing that we hopefully tried to do, my lady friend and I who were the fellow community activists, was that they were consistently because of the low funding that goes to shelters, given those terrible Reagan cheese sandwiches from your Federal Food Commodities Program. And so, we tried to bring them spaghetti and lasagna and homemade chicken soup, and I made them French toast for breakfast. And we hope to God that that made a difference, that one day a week when they ate real people food instead of garbage.

I think the other thing that I would like to say to you is that I get $250 a month. I am on earned income now, I work and I get partial assistance. But I have two in my family, and I receive $250 max. There is no shelter allowance. If I got bumped out of my $215 a month apartment today, of which I have two bedrooms and I have to pay gas, lights, phone, heat and rent out of the rest of that $250, plus I think I get about $130 a month in food stamps. If I had to go and look for an apartment today, and there were no apartments anywhere within the area of Chicago that I could get something that was at least $250, there is no funding source for shelter costs. Nobody is going to pay $57,000 for me to live anywhere. And that is the bottom line.

I mean it is just phenomenal. And to think that this State government here is paying those kind of astronomical costs, I can't conceive it. But that is about the size of it.

Chairman FORD. Thank you.

Mr. Rubright, thank you very much for coming. Is this your daughter?

Mr. RUBRIGHT. Yes.

Chairman FORD. And, Susan, how old are you?

Ms. RUBRIGHT. Sixteen.

Chairman FORD. Tell us, Mr. Rubright, how did you get in this situation?

Tell us about how you came about staying in a welfare hotel. How did you get caught in this situation?

Mr. RUBRIGHT. Well, I was never in a welfare hotel, No. 1.

Chairman FORD. Pardon me.

Mr. BANKS. He is in a shelter.

Chairman FORD. Well, a shelter then?

Mr. RUBRIGHT. Well, I was operations manager for the east coast for Allied Inventory Corp. for over 15 years and the company went out of business. Then I went into my own business, a private car service. Then that went out of business. And at the beginning of

this year, everything just went down the tubes. This has just been the worst time of my life. As you can see from where I am now.

So, I went to welfare. And I was sent to EAU.

Mr. SCHUMER. Excuse me.

Where did you live before January of 1986, did you rent an apartment?

Mr. RUBRIGHT. Yes, $1,254 a month here in Manhattan. So, this is quite an adventure to me, to say the least.

Chairman FORD. So, you rented an apartment here in Manhattan for $1,254. And you lost your job, and you entered into your own business?

Mr. RUBRIGHT. Right, a private car service. And that also went out of business. You know, that is a very difficult business to maintain here in New York.

Chairman FORD. Was it just you and your daughter at that time?

Mr. RUBRIGHT. Well, I didn't even have my daughter at that time. I got my daughter through the courts. It was the only good thing that happened to me this year, I got custody of my daughter from my ex-wife.

Chairman FORD. Susan, are you in school?

Ms. RUBRIGHT. I am taking my GED.

When I lived with my mother I went to Catholic school, and then when I started living with my father and I tried to get my records back, and they wouldn't give me my records because we owed them tuition money. So, every school that I went to, they said I couldn't apply because I couldn't get my records. So then, I decided that I better just take my GED since I couldn't get my school records to go back to school.

Chairman FORD. What grade were you in when you were in Catholic school?

Ms. RUBRIGHT. Tenth grade.

I would have been in the 11th grade this year.

Chairman FORD. So, you are not in school at the present time?

Ms. RUBRIGHT. Not real school.

Mr. RUBRIGHT. She is legal though. She is in a GED program. It is not that she is just not doing anything. Once she gets her GED diploma, she will be able to go on to college, but she has to wait another year before she can take the test to get her GED diploma.

Chairman FORD. Now, how long have the two of you been in the shelter?

Mr. RUBRIGHT. All together, 5 months and 10 days.

Ms. RUBRIGHT. Not in this shelter.

Mr. RUBRIGHT. No, not in this shelter; 3 months and 10 days in this shelter.

Chairman FORD. And you are receiving public assistance, is that correct?

Mr. RUBRIGHT. Yes.

Chairman FORD. Are you looking or seeking a job?

Mr. RUBRIGHT. Of course, of course. But it is very difficult to find. I am overqualified.

Mr. SCHUMER. Have you found jobs that are open that you think you can do, and they say you are overqualified?

Mr. RUBRIGHT. Yes, sure.

As a matter of fact, I am on the institutional aid hiring list for the city. Institutional aid for the people who work in these places, you know, clean the bathroom, serve the food.

Mr. SCHUMER. You mean, in the shelter?

Mr. RUBRIGHT. Right.

Mr. SCHUMER. And they haven't hired you?

Mr. RUBRIGHT. No.

Because they have a hiring freeze. There isn't enough money in the budget.

Mr. SCHUMER. Is there a job training counselor at the shelter?

Mr. RUBRIGHT. No.

Mr. SCHUMER. None?

Mr. RUBRIGHT. No.

Mr. SCHUMER. So, in the 5 months that you have been in a shelter, you have never seen somebody from the city who would attempt to help you find a job?

Mr. RUBRIGHT. Of course not. They don't care.

Mr. SCHUMER. I just wonder if one of the other witnesses would know how many of these, people to help people in shelters and hotels find jobs, does the city have on its payroll?

Mr. MOSES. There is no real help that I am aware of in the hotels that I am in, and we are in several of the largest.

Mr. SCHUMER. No job training?

Mr. MOSES. No job training.

Mr. SCHUMER. How about job location, do they send you to the State employment office?

Is that the idea?

Mr. RUBRIGHT. Yes.

Mr. SCHUMER. What happens there when you go?

Mr. RUBRIGHT. Nothing, there are no jobs in the State employment office. They don't do anything.

Mr. SCHUMER. They don't have a list?

Mr. RUBRIGHT. No.

All you do there is wait. You wait to be interviewed, and then you wait to be interviewed again. And that is it.

Mr. SCHUMER. Have any private social agency people come to you and tried to help you?

Mr. RUBRIGHT. Not really. Not as far as jobs go or housing. Housing is impossible to find.

Mr. SCHUMER. You have looked, I take it, for housing?

Mr. RUBRIGHT. Of course, all over the city.

Mr. SCHUMER. What is the closest you have come?

Mr. RUBRIGHT. The closest?

Mr. SCHUMER. Yes.

Mr. RUBRIGHT. There is no closest. Nobody wants to take $227 a month for an apartment.

Mr. SCHUMER. Have you found a place you could live in for $350 a month?

Mr. RUBRIGHT. Not really.

Mr. SCHUMER. That is what I mean by closest, how far?

Mr. RUBRIGHT. Maybe the closest is $450.

Mr. SCHUMER. Where in the outer boroughs?

Mr. RUBRIGHT. Uptown Manhattan.

Mr. SCHUMER. Have you looked in Brooklyn, Bronx, Queens?

Mr. RUBRIGHT. Yes, sure. I looked all over.

Chairman FORD. Mr. Weiss.

Mr. WEISS. Thank you, Mr. Chairman.

Did you mention what shelter you are in?

Mr. RUBRIGHT. Catherine Street Shelter at 78 Catherine Street.

Mr. WEISS. Is there a Job Training Partnership Act program that you would qualify for?

Mr. RUBRIGHT. I don't know, but there are none at this shelter.

Mr. WEISS. Mr. Banks.

Mr. BANKS. I believe he may qualify for one of those programs, however, one of the problems at the hotels and shelters is that, and this is apart from the tremendous work that the private agencies do. They have City Crisis Intervention Service workers in the hotels, for instance, but they are handling a case load of 1 to 60. So that the best they can do is give you a piece of paper to send you to someplace. They do not follow up on your individual eligibility.

For instance, if he was in a hotel and presented himself to a hotel worker, the nature of the hotel worker's case load being 1 to 60, there would be no follow up as to his eligibility. In the shelter, it is not seen as an obligation on the part of the workers in the shelter to do that. And it is not required by the State regulations either, unfortunately.

Mr. WEISS. Because I know one of the visits that we had made was, I think, to the men's shelter in the Bowery. And they have a counselor, a job counselor or guidance counselor. And I know they work on a limited Federal job training program at this point. So, you might want to see if you would qualify for one of those.

I mean, it just seems to me that you are the kind of person that they ought to put into the program. They take the people who are most highly qualified, so it seems to me that you might fit into one of those programs.

Mr. RUBRIGHT. Yes.

See, living in one of these places, it is extremely difficult because I have to be in at a certain time of night. I can't go out without my daughter. She can't go out without me, you know.

Mr. WEISS. I know. It is really tough.

Ms. Skiba, what is the size of the homeless population in Chicago.

Do you know?

Ms. SKIBA. I am not a person who likes to deal in facts and figures.

Mr. WEISS. How many shelters are there of the kind that you work in?

Ms. SKIBA. Church shelters that are funded through churches I would say maybe a couple of hundred. In my own local area, we have about five or six. Some can hold maybe 10 a night, and some will take 15. We are always pushing people to open up other places.

Mr. WEISS. I assume that Chicago has the same kind of problem, that you have people on the streets.

Yes?

Ms. SKIBA. Yes, you go to the Division of National Milwaukee, which is a hop, skip and a jump from my house, and people are living in the bus shelters there. And you know, you can go to work in the morning and see human excrement in there and people have

to live there. We've got one guy, that all this summer when I was heading downtown to go to school, he had his clothes and he would wash them out in the water fountain and he had them laying across the bench, drying in the sun. And he just actually lived there.

You know, the only problem we really have in Chicago is that unfortunately the way the system is set up, when you call for emergency assistance through the department of human services is that if you have family there, the women and the children must go to one shelter, and the man must go to a different shelter, instead of it being a family type unit. And that is why I am saying that this Federal money could come in to give us these apartments where we could keep family units together. But you should also be aware of the fact too that a majority of the people such as the ones of the shelter that I was at, were general assistance recipients. And we can't forget about them.

Mr. WEISS. That is home relief?

Ms. SKIBA. No, the single elderly, and the young men, especially our minority youth who have less job opportunities and they are out of work. I can't tell you how many senior citizens who are on Social Security and because of the food stamp regulations, they get $20 a month in food stamps. And I had men there all the way up from 60 years old up until I think our oldest guy was 83, and he had one lame leg, and he used to come hobbling down the stairs every night on his crutches. And he was getting his Social Security, but he got $20 month in food stamps. So, who can live like that?

Some of these guys just came and stayed the night to eat. You know, they had an apartment, but they had no food and they came to us to eat.

Mr. WEISS. Thank you very much.

Chairman FORD. Mr. Schumer.

Mr. SCHUMER. I am just very troubled by Mr. Rubright's problems.

Mr. RUBRIGHT. So am I.

Mr. SCHUMER. Where have you looked for a job?

Mr. RUBRIGHT. What borough are you talking about?

Mr. SCHUMER. No, no, what kinds of jobs have you seen advertised, have you tried to find, and what is the closest you have come to getting a job?

Mr. RUBRIGHT. Well, about 6 months ago, right before I went into the shelter system, I applied for a job as a dispatcher for a private car service. And they told me that I was overqualified and I could not get the job. I have applied for jobs washing dishes, and I have been told that there are people who need the jobs more than I do.

Mr. SCHUMER. You spend much of your day out there looking for jobs?

Mr. RUBRIGHT. Not much of the day, but I go out regularly.

Mr. SCHUMER. Have you ever been offered a job that you turned down?

Mr. RUBRIGHT. Of course not.

Mr. BANKS. If I can just add something, the Catherine Street Shelter where Mr. Rubright lives is one of the shelters that we would be happy to take you to on a tour in January. I suspect Mr. Rubright will still be there.

Mr. SCHUMER. Your experience is mirrored by many of the folks at the Catherine Street Shelter. They are looking and they just can't find jobs?

Mr. RUBRIGHT. Yes.

Mr. SCHUMER. And yet there is no job training?

Mr. RUBRIGHT. That is right.

Mr. SCHUMER. When Mr. Moses' organization runs shelters, do you do job search?

Mr. MOSES. We do a lot of it, and we hire people.

Mr. SCHUMER. Is it successful?

Mr. MOSES. The problem is this, even if he finds a job and doesn't find a place to live, he is going to have to pay the rent of $147 a night or some substantial portion of that. Obviously, his case is a little atypical. I frequently am able to offer homeless men and women low paying entry level jobs in the $12,000 to $14,000 range as maintenance men in my community centers. They can't afford to take those jobs unless they find housing first because they will be required to pay substantial rent where they are now living, which they can't pay.

Mr. SCHUMER. Well, that is a catch-22 if I ever heard one.

Mr. MOSES. It is a terrible catch-22, and it happened to me just this morning.

Mr. SCHUMER. That is Federal law too I suppose?

Mr. MOSES. I defer to you on that question. I don't know the answer to that. HRA can tell you, I am sure.

Mr. SCHUMER. Do you know, Mr. Banks?

Mr. BANKS. Yes.

It is a local policy.

Mr. SCHUMER. Local meaning?

Mr. BANKS. HRA.

HRA adopts a budgeting methodology with approval of the State, so it is unfair to say it is simply the city. It is a combination of city and State policy, which has been tightened in recent years through Federal provisions. It used to be that you could work for a certain period of time and have income disregards for an almost indefinite period.

Mr. SCHUMER. As an offset?

Mr. BANKS. Right.

It used to be that you would have your work expenses not budgeted.

Chairman FORD. But that still wouldn't have anything to do with the $147 a night. The emergency assistance itself would not qualify for the grant under AFDC. They would no longer qualify for the grant under AFDC, but I don't know about this shelter, the welfare hotels and all might have a fee of whatever it would be per night.

Mr. BANKS. This is the problem.

If he was working, than we do have the same thing that Mr. Moses has just described. He would have to impoverish himself, spend all of his money for shelter, and spend himself down to welfare level.

Mr. SCHUMER. Let's say if he got a job making $10,000 a year. His income would be too high.

Chairman FORD. The Chair would like to make an announcement. I am going to have to conclude the business of the subcommittee. I do plan to come back. I hate to do this.

I guess I am guilty like everyone else, I have to travel this afternoon going back home. I certainly have enjoyed being here with my colleagues, and I certainly have enjoyed hearing from all of the witnesses, and as chairperson of this subcommittee, my plans are to come back in January.

I certainly hope, Mr. Rubright, that for you and others, we will be able to bring about some meaningful legislation that will address many of these ills which we are faced with, not only here in New York, but throughout this Nation. I certainly appreciate the invitation that has been extended to me by my two distinguished colleagues who are here on the panel with me.

Once again, I thank all of the people here in the New York area.

Mr. WEISS. Mr. Chairman, may I just express our appreciation to you for taking time out of your personal time to conduct these hearings today. It is extremely important to us, and to the people of this country.

Mr. SCHUMER. We can't thank you enough, Mr. Chairman.

Mr. WEISS. And I have a prepared statement that I would like to have entered into the record.

Chairman FORD. Your statement has been made a part of the record.

That will conclude the business of the Subcommittee on Public Assistance and Unemployment Compensation. The subcommittee now stands adjourned.

[Whereupon, at 1:45 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

STATEMENT OF DR. HARVEY R. VIETH, ACTING DIRECTOR, OFFICE OF FAMILY ASSISTANCE, FAMILY SUPPORT ADMINISTRATION, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

On behalf of the Department of Health and Human Services, I am pleased to have this opportunity to address the Subcommittee on a subject of vital concern to the Department. The plight of homeless families has rightly drawn the attention of many Americans as we seek to develop social policies that will address the needs of the disadvantaged. Specifically, we have been asked to comment on proposed legislation to fund shelters or permanent housing within the Aid to Families with Dependent Children (AFDC) program.

I would first like to state that in our view homelessness is essentially a problem best handled at the local level—with private, state and federal assistance—where the precise dimensions of the problem can be determined and where the local government can be flexible in meeting the diverse needs of this population. For this reason, and those outlined below, the Administration opposes these bills which represent an ill-conceived redirection of Federal and State monies intended to assist needy families in meeting short-term crisis needs.

The Federal government offers a wide array of resources to assist local officials:

Over the past several years HUD has taken a number of actions to encourage the use of HUD programs and resources to provide assistance for the homeless. For example, HUD has encouraged cities to use Community Development Block Grant funds to meet the needs of the homeless. To date, over $100 million in CDBG monies have been spent to address the shelter and other needs of this population.

HUD has encouraged public housing agencies to admit homeless to public housing under an "emergency" admission category.

HUD has also authorized section 8 certificates, which help low-income households pay rent in private housing, in special projects administered by public housing agencies to provide housing and needed social services for homeless families and individuals. HUD will soon release $10 million in grants to State and local governments to

establish shelters for the homeless, as well as setting aside $5 million for experiments with housing for homeless people capable of moving into independent living.

The Emergency Food and Shelter Progam administered by the Federal Emergency Management Agency has provided $370 million since 1983 to groups serving the homeless.

Perhaps most importantly, being homeless in no way prevents a person from being entitled to Social Security, Supplemental Security Income (SSI), AFDC, Medicaid, and Food Stamp benefits, and every effort is being made to ensure that eligible individuals are served. Some of these programs are indexed annually to protect recipients against increases in living expenses, such as rent.

The Social Security Administration has established an operational plan for serving the homeless under which SSA's ten regional offices and its more than 1,300 field offices are required to carry out specific initiatives in order that the homeless receive information about the SSI and Social Security programs and any benefits to which they may be entitled. These initiatives include working with shelters, soup kitchens, churches, and other organizations to locate homeless people who may qualify for Social Security and SSI benefits, and having SSA workers go to shelters, soup kitchens, and other locations to follow up on claims as necessary.

When a homeless person's entitlement for benefits has been established, SSA can make special arrangements for delivering benefits and notices. Benefits can be deposited directly into a bank account. They can be sent to a shelter or a third party, or they can be delivered to a post office for general delivery or to a Social Security office for pickup.

To coordinate Federal activities to serve the homeless, the Federal Task Force on the Homeless, under HHS direction, was established in 1983. It includes representatives from 15 Federal agencies, and it assists both in identifying potential Federal resources and in coordinating efforts between local entities, shelter providers, and the Federal agencies. The Task Force has identified over 70 Federal programs which can be used to help the homeless, many of which are block grants that, at the discretion of the State or local governments, could be used to meet nutritional and shelter needs. Agreements have been negotiated with Federal agencies to support food and shelter operations. These include agreements with: HUD and USDA's Farmers Home Administration to use single-family homes in their inventories as shelters; DOD to renovate and lease DOD facilities as shelters; and GSA to lease vacant Federal buidlings as shelters, and to donate surplus Federal equipment to shelter operators.

Rather than looking to the potential resources at the local level, with the available Federal assistance outlined here, the legislation at issue today seeks to divert resources from AFDC's Emergency Assistance program in order to construct and maintain shelters.

This program was created in 1967 as an optional complement to AFDC because Congress recognized that AFDC and other programs, by their very nature, could not always respond quickly to a family's emergency needs. Like AFDC, Emergency Assistance benefits are specifically targeted to needy children and their families.

In order to make immediate response possible, States were given substantial flexibility to determine which emergency situations would be covered and who would be eligible. Although some problems have been identified which we are currently investigating, we have sought to strike a balance between given States flexibility to meet needs as they arise and ensuring that the program comports with the legislative intent that it be a vehicle for temporary assistance for families in need.

Twenty-eight States and jurisdictions operate Emergency Assistance programs. The kinds of emergencies for which States have chosen to provide assistance cover a broad spectrum—from broken refrigerators to natural disasters to eviction. Assistance can include cash, services, or items the family needs, such as food, clothing, and furniture.

Shelter needs have been a large part of the Emergency Assistance program since its beginning. The committee report on the program's authorizing legislation specifically mentions the need which arises when a family is evicted.

Emergency Assistance can provide a family who has lost a home the time and means to get resettled. Or, for homeless families with continuing needs, Emergency Assistance can bridge the gap between the onset of the crisis and the time that ongoing maintenance programs can respond.

For example, Emergency Assistance can pay for temporary shelter, storage or replacement of household goods, and relocation costs involved in moving to a new home or returning to a former one.

The bill introduced by Mr. Weiss (H.R. 4938) would expand the Emergency Assistance program to include expenditures associated with building, buying or renovat-

ing facilities to be used for shelters. We believe this proposed use of Emergency Assistance funds is inappropriate. The Emergency Assistance program is designed for—and should be preserved for—the needs of individual children and their families who are experiencing a temporary crisis situation. It is currently able to meet the needs of the greatest number of families expeditiously. If the program's focus becomes that of construction and renovation, it will be less able to respond to the needs of the very families it was intended to serve.

Mr. Schumer has proposed legislation (H.R. 5080) which would go even further. His proposal would provide grants through the AFDC program to build permanent housing to serve families who otherwise would require services under the Emergency Assistance program.

Like Mr. Weiss' proposal, it would put HHS into the housing construction and acquisition business—a function it was never intended to serve and which is clearly inappropriate for this Department, as well as duplicative of HUD efforts. Again, the Emergency Assistance program was created to respond quickly to a family crisis by providing temporary assistance. It was never intended to address the causes of homelessness, such as the shortage of low-cost housing.

In short, the Emergency Assistance and AFDC programs are important, established programs which have specific purposes. Neither of these legislative proposals would further the effective administration of these programs or best meet the needs of those families Emergency Assistance and AFDC have sought to serve.

The problems of housing availability and shelter for homeless families are serious ones. Through the combined resources of many federal agencies working together with State and local governments, and concerned citizens and groups, we will continue to provide substantial assistance to address them.

CAPITOL HILL IMPROVEMENT CORP.,
Albany, NY, December 17, 1986.

JOSEPH K. DOWLEY,
Chief Counsel, Committee on Ways and Means,
U.S. House of Representatives, Washington, DC.

DEAR MR. DOWLEY: There is no question about the need in this country for temporary and permanent housing for the homeless.

The number of homeless families is rising daily and the exorbinent amount of money that is currently being paid to house people in welfare hotels has become nothing short of waste. This money could be put to much better use by providing permanent shelters and housing.

This wasteful use of resources is an embarrasment and dramatically shows the need for governments at all levels to develop a sound and humane housing policy.

We urge the Subcommittee on Public Assistance and Unemployment Compensation, and the Committee on Ways and Means to adopt the usage of Emergency Assistance Funds for the acquisition of temporary and permanent housing for homeless families.

Sincerely,

DENISE CANNON,
Director of Development.

COALITION ON HUMAN NEEDS

How the Poor Would Remedy Poverty

Interviews with Low Income People in Washington, D.C.

Summer 1986

Summary of Results

Major Implications for Public Policy

Poor people are not so different from most Americans. They worry about their children, have aspirations for good jobs, want to help others and pay the government back for what it gives them.

This is the sense of 50 interviews in the nation's capital in the summer of 1986 which are to be followed by surveys in three other locations with different economic and population characteristics. The study is supported by a grant from the Ford Foundation.

Interpretation of the major themes that came out of the pilot survey leads to the following guides for future public policy:

- The nature of jobs available to low income persons should be upgraded so that, at a minimum, they provide a living wage, health care, a measure of security and a path toward better jobs and true independence from welfare.
- Training programs need to be made more widely available to low income persons and teach the hard skills that will get them into today's decent jobs.
- Workfare, the mere exposure to work while receiving public benefits, is not sufficient to enable welfare recipients to achieve the independence they desire.
- Attitudes about welfare recipients and benefit levels should recognize the fact that most are ill themselves or caring for impaired family members or children.
- Youth, especially, seem to warrant positive attention in order to help them capitalize on their attitudes of independence and self-reliance.
- Low income families, suffering from a myriad of problems, can use a wide range of supports that cash alone cannot provide.

The thing that came across time and again in the survey was that low income persons, including most welfare recipients, want desperately to work and be independent. Why they always cannot has to do with two things. First, it is the nature of the kinds of jobs available to them. Second, it is the nature of their lives, the complications that can result from one piece of bad luck when financial and personal resources are insufficient to compensate.

According to the interviews, jobs available to low income persons were hardly enough to sustain a family. Those working (all except youth were above the minimum wage) still had problems finding decent housing that they could afford. The minority who had health benefits, had difficulty paying for routine children's visits to the doctor or the most basic medications which were not covered under hospitalization plans. They were frustrated by creeping credentialism and other barriers that seemed to stand in the way of advancing into a better job.

Those on welfare saw little in such jobs that made them want to take the chance of abandoning the little security they found in welfare. They were well aware of the bureaucratic hoops they had to go through to establish eligibility in the first place, so if a new job venture fell through they knew what they would face getting back on. Still, there was a tension because so many of the welfare recipients interviewed wanted so badly to be free of the system. (One said, "I want a job, any job.") One thing they saw against workfare was that they would still be known as "welfare mothers."

As much as most hated it, they saw AFDC and food stamps as only enough to pay the rent, put food on the table or otherwise pay for a minimum subsistence. A frequent comment was that each "last only two or three weeks." As a result, a great number shared housing and expenses with others, especially large extended families.

Those on welfare, including those who had their first child as a teenager, had usually gone on public assistance as a last resort and as a result of a combination of factors -- inability to find day care, having to take care of a sick husband, the inability to juggle the demands of low level jobs that won't tolerate tardiness and absence.

Young men are perhaps the most ignored of all groups targeted in the survey. And, yet, they might hold the key for reducing the welfare dependency of the future. While most of the rest of the sample (with the exception of the elderly) seemed to take good advantage of a wide range of education, health and other social services, there seemed nothing that really reached adolescent males. It seemed as if it was only after it was too late that the programs addressing their needs came into play. The ones we talked to seemed to be teetering on the brink of dropping out of school, or they were looking fruitlessly for a job. Yet, they could point to very little available to them in the way of positive support systems.

Youth were not the only group, however, who pointed to severe problems in the family that only counseling and other kinds of services seem able to address. Across all age groups, for example, it was not problems in the school but problems at home that came across as the main reason for dropping out. Alcoholism, drug use, crowded housing, children who needed care, parents who didn't encourage (or demanded too much), abandonment, all were evidenced by persons interviewed.

The following pages give more details of what low income persons had to say about matters that should be considered in formulating new welfare and social policies.

Methodology

The purpose of this survey was to learn from low income people more about their needs as they perceive them and about how they would change public policies to address those needs more effectively. The study, which is, by its very nature, exploratory, gathered data in two ways: first, through a series of 50 open-ended interviews with low income people who were carefully selected to mirror the diversity of the low income population in Washington, D.C., and secondly, through a series of group discussions with particular sectors of the low income population -- for example, women who have been recipients of public assistance or young people. The latter discussions were designed to allow low income people to react to and elaborate on findings from the individual interviews. The study makes no quantitative claims; rather, it seeks to investigate perspectives, based on individual experience and attitudes, not otherwise easily obtainable through large-scale, random-sample surveys. Its emphasis was on eliciting ideas with ramifications for public policy, not on testing given hypotheses.

The study assumed that people are poor for a variety of reasons. To ensure that those interviewed had a wide range of experiences with poverty, the study did not rely upon referrals from public agencies; rather, it relied on community-based organizations, private agencies and churches to locate individuals representative of the demographic profile of Washington, D.C.'s poor, including one- and two-parent families, three generation households, young people, the elderly, and the disabled. The sample was also broadly representative of the low income population by age, race, and sex. And, since other studies show that many people move in and out of poverty, the sample also included some respondents who were slightly above the poverty line.

Findings

Welfare Recipients Desire the Independence That Decent Jobs Bring

The vast majority of the low income people who participated in this study wanted very much to work. For most of those surveyed, including those who received help from government programs and those who worked in low-paying jobs, employment -- or better employment -- was the best way of achieving the self-sufficiency they desired.

Virtually none of those surveyed found the benefits from such programs as AFDC and Food Stamps to be a positive alternative to regular employment and the independence it might purchase. Being on welfare seems to mean always being reminded of dependence not just on the government, but also on other people.

Many of the respondents not only depended on some form of public assistance, but also on the housing and income of those with whom they lived. Twenty of the fifty individuals interviewed shared housing with others not in their immediate family -- in most cases, members of an extended family such as aunts, uncles, grandparents, adult brothers and sisters, their spouses, and their children; in some cases, unrelated individuals. Many of those surveyed cited an acute lack of affordable housing as reason for this decision, but others also noted the necessity of sharing expenses that benefits or low wages would not otherwise offset. One single mother who lives with her mother and another young woman said that she did not know how she would make it on her own.

AFDC and Food Stamps were frequently described as "lasting only two to three weeks a month." Not only do many of those surveyed have to double up their housing with others in order to find shelter and share expenses, many have to seek assistance from other sources as well. For example, many have to supplement the food they could purchase with food from churches and soup kitchens or, for their children, with food from school breakfast and lunch programs. One disabled white man expressed a common attitude and aspiration when he said welfare programs were "between the point of oblivion where you're out on the street (and the point) where you can, if given the chance, better yourself and have some type of decent living in the future."

Low Wage, Low Benefit Jobs Are Not Enough

Virtually all of those surveyed saw employment as the means to better themselves. However, the kinds of jobs available to them were rarely sufficient to support a family.

All of them, including the young people, hadsworked at a paying job at some time in their lives. By and large, these jobs could be characterized as low-wage, low-benefit employment. About half of those surveyed were currently employed, but few of them had full-time jobs. Weekly earnings for this group ranged from $25 to $300 and averaged $142. Of those employed, very few had health insurance, retirement plans or disability coverage.

If low income people are clear about the desire to work -- when asked what kind of work she aspired to find, one single mother replied, "A job, any job" -- they are also clear about the necessity of working their way towards a job that pays enough to support their families adequately. When asked what they would do to change their present jobs, many said they would like more income and increased benefits.

Virtually all of those questioned believed it was impossible to support a family adequately on a minimum wage job; most said they believed even one person would have a hard time surviving on the minimum wage. The perception is, incidently, borne out by the facts; a family of three with one minimum wage job has an income which is at 75 percent of the poverty level. However, welfare recipients would accept a minimum wage job if it offered a prospect for advancement to something better. Training, either on the job or in a separate program, was seen as a major ingredient in moving up.

What was most striking about those who were working was the fragility of their economic situations. One woman, in her 50's who has raised her eight children alone over the past 39 years, has worked for the past 13 years at a day care center and has also managed to take courses toward her college degree. Even so, she currently earns only $8,986 per year and she does not have a retirement plan. In her interview she said she worries about having to return to some form of public housing for the elderly when she can no longer work. But she also has the hope that with a completed college education she can find another job with a retirement program that will provide better for her.

Health care was a major problem for those working. One man, even though he had health insurance, had great difficulty making the out-of pocket costs of hospital bills. A woman, who had been on welfare, now was worried about how she would be able to buy medications for her chronically ill child. There was a sense of resentment among people who were working that they couldn't qualify for the little bit of government help that would allow them to fully care for their families.

During the interviews and again in the group discussions, low income people made certain assumptions about which programs and other supports helped people escape the dependency they associated with public assistance or low-wage, low-benefit jobs, and helped people get good jobs. The woman described above is placing her faith in education. Many do so as well. The majority of those surveyed saw the need for good training programs. Time and again people talked about the need for good, reliable and affordable day care and transportation so that they could get to the job regularly and on time. Others talked about the need for counseling to build battered self confidence.

Support in the Struggle to Obtain a Good Job

Education is Valued But Difficult to Attain

While they viewed development of job-related skills as essential to achieving independence, those surveyed were not always convinced of the relevance of a formal education to success in the job market. Generally, older people -- those with more experience in trying to get jobs -- placed more importance on education. As one man in his fifties said, "Not having an education handicaps you in a lot of ways. You have to take menial jobs like a bus boy or a street cleaner. You can't even compete for a job and spend your time on the bottom of the totem pole. At one time you could get a job without an education, but not now."

One young man who dropped out of school after the ninth grade and who is functionally illiterate, observed that if he is ever to achieve his ambition of owning his own trucking company he will need more education. He is proud of the fact that he has always been able to get a job and remain employed, but he is aware that without more skills he is likely to be no more than a building maintenance worker or a security guard.

He was not alone in linking realized ambition with education. In fact, more respondents, when asked what their ideal job would be (respondents mentioned such jobs as corporation president, attorney, accountant, teacher, and psychologist), noted that they would need more education and/or training to fulfill their dreams.

The majority of those surveyed dropped out of high school before graduating despite the value they placed on education. **One survey finding which has possible implications for public policy is that in most cases those interviewed said their reasons for dropping out had little directly to do with the school experience. The most commonly given reason for leaving school was a family problem or another kind of problem at home.**

For some respondents the reason for leaving school had to do with the need to get a job, either because of changes in family fortunes or because they themselves had become parents. For other respondents, the reason for leaving school had to do with the need to take care of someone else, either a sick family member or their own child (though young men and women under 25 seemed less likely to drop out for this last reason than did their older counterparts). Several people had alcoholic parents who disrupted their education; others said that family problems resulted in their leaving home and school simultaneously.

One disabled man, now 47, lamented that he did not have counseling or a support network at school to offset the pressures he was feeling at home. The moment when youngsters weigh the decision to leave school would seem, based on these interviews, a crucial time to provide them with support and advice about personal problems that may be interfering with their educational performance.

Desire for More and Better Training

Most of the survey respondents -- whether working, unemployed, or on public assistance -- believed very strongly in job training as the most likely means by which they could break out of poverty and into a good job, and the majority of them had participated in a training program at one time or another. Of those who said they were looking for a job, the vast majority said they were enrolled in or looking for such a program.

Even so, there is disappointment associated with much of the training respondents have actually received. When asked how training had helped, only one respondent said it led directly to a job. Several said that the training taught them certain basic skills or taught them how to interview for a job. One person commented, "It widened my view and motivated me." Dissatisfaction ranged from feeling that they should have been offered a longer course or a higher level of skill training to feeling that they should have been given more hands-on experience and that they should have been taught on more up-to-date equipment.

Several people had stories about having been through one, or several, training programs only to find that there was no job on the other side. One young woman never got a job from cosmetology training because the teacher never had enough time for her and she was never allowed to practice on real hair. Another woman

with a family of four children and a sick husband who receives veterans benefits participated in a program to become a medical transcriber which was terminated before she could complete it but not before she had invested in a medical dictionary. She then enrolled in a program for clerk typists which she felt did not sufficiently strengthen her typing skills. Finally she went back on welfare to acquire additional training. The skills she learned there eventually landed her a job which now brings her earnings to 60 percent of the poverty threshold for a family of six.

Similarly, the armed forces seem promising to many respondents as a potential trainer and employer. Over one third saw them as a good way to "get out of the neighborhood," travel, learn discipline and support a family, but of the four who actually succeeded in enlisting, none got the training they desired and expected. "All I did was wax planes and pick up trash," said one man, now in his forties. A young respondent enlisted with the idea of learning broadcasting, but he came away with experience only as a dispatcher.

Training, then, is viewed with high hopes, but those hopes are quickly dashed if that training does not link people to real jobs. Too often, low income people report little connection between the skills they were taught and the skills needed in the job market or little connection between the skills they were promised and the skills they were actually taught.

Child Care, Counseling and Transportation Are Necessary

Those with children -- single mothers, especially -- have found that an essential support for full-time employment is the availability of reliable, good, affordable child care. Without it they have no choice but to continue to work in the home. Seven of the respondents were laid off and three were fired because of problems with child care. After disability and illness, it was the most common reason for job loss. One woman tried to take her baby with her for several months to the beauty parlor where she was employed, but found the situation unworkable.

Care for young children is also an essential support for mothers who want to successfully complete training courses that will broaden their job opportunities. Time and again, respondents alluded to child care as a major hurdle to be passed. One woman applied for training even though the youngest of her four children was only four years old. After-school day care programs did not admit children so young and, the WIN program paid for babysitters but she could not find anyone to do that for her. As a result, she never could enter the training program.

Another single mother who at 26 lives alone in a small apartment with her two children, said that the daily burden of caring for two children under five and the high cost of housing were her two biggest problems. She suggested the idea of a housing-job training collective for single women with on-site day care, job training, a clinic and a place to get food stamps and counseling. "I guess it sounds socialistic, doesn't it?" she said. "But it would be voluntary. I think it would be a good thing now because so many women are without husbands and lots of us are without training."

This same woman pointed to another advantage of such a system of community-based social services. Because she does not have a car, it is difficult for her to get out and she finds she has to ask for rides all the time. Transportation was a problem that many mentioned in passing during the course of the interviews. Often low income people do not own cars, and they are therefore completely dependent upon public transportation or the good will of friends to get to and from services, training, and/or employment.

The value to low income families of reliable, affordable, adequate child care and transportation in their struggle to create job opportunity cannot be underestimated. For example, every person surveyed said they would be more willing to consider a workfare program if it offered child care and transportation -- this despite the fact that many had very serious reservations about such a program (see below). And in a general meeting with women who were now or had recently been on public assistance, the second question asked about workfare -- after "Is there a chance for promotion?" -- was "Are you talking about a program that would have child care and transportation?"

Finally, again frequently in passing, those surveyed talked about the importance of good counseling in helping people get and keep good jobs. Counseling was mentioned positively in connection with job training programs, even those that simply teach people how to interview for a job. Counseling was also mentioned favorably in connection with helping people get control of other factors in their lives that may interfere with acquiring an education or a job.

Easing the Movement Into the Workforce

Transition Off Welfare is Very Abrupt

These interviews make clear that as the system now exists, it is very difficult for low income people on public assistance to work their way out of poverty. If this study yields one striking result it is that people with the drive and the desire to achieve independence through hard work face enormous obstacles at the very moment that they attempt to move off public assistance.

All the people who are described in this section want very much to work, but as they attempt to move from dependence into economic self-sufficiency they find basic supports -- food, health care -- pulled suddenly away, the loss of which is not necessarily offset by a regular, adequate income.

The food stamp program provides one example. If a person takes a short-term or part-time job, the temporary or modest increase in earnings can immediately disqualify them for food stamps. Persons interviewed are well aware of the time lag and difficulty of getting back on food stamps, even when the situation arises because of a bureaucratic error. As a result, if they take a job that may not work out, they run the very large risk of facing at least a period of not being able to feed their children.

The decision is a difficult one. One single mother of three works nine months a year in the hotel industry; her employment is seasonal, her annual earnings and unemployment benefits are barely enough to make it. She already had her job when the rules about who was eligible for food stamps were changed, and she has kept her job, saying she prefers working to welfare, but she acknowledges that it has been very difficult for her to provide for her family adequately. She thinks that she should still be eligible for assistance.

Another program on which low income people depend is Medicaid. many of those interviewed -- those with disabilities themselves and those who were responsible for caring for sick family members -- said that they could not afford to go back to work and lose eligibility for their Medicaid coverage. One such mother has two young children, one with asthma and one with a chronic ear infection and allergies, who need regular medical attention -- frequent IVs and use of a lung machine. She said the jobs she would be able to get now -- working as a waitress or a maid -- would not provide sufficient income and sufficient health coverage to ensure that her children are cared for adequately.

Another woman who endured some terrible months of homelessness with her two children has gone back to work and is trying to pull their lives back together. During the time she was on public assistance she relied heavily on Medicaid to provide medical care and hospitalization for her little boy who had physical problems. Now that she is working, she said, she is constantly worried because her health insurance does not pay for medicine and the deductible is so high that on her current annual income of $10,000 she will have trouble paying for the care her son needs if he becomes ill again.

This same feeling of insecurity is shared by a single man who has a history of mental illness. He has moved from general assistance and food stamps to making $133 per week in a sheltered workshop. He aspires to move from this job to another in the mailroom of a bank, but since he left public assistance he has had no medical coverage and he continues to be very worried about what would happen to him if he became ill. "I would be a charity case if anything happened," he says. This is a man who values economic independence highly and who is pursuing it despite the clear risk he feels he is taking.

The tentative conclusion to be drawn here is that those who now stand on the brink of making the transition into the workforce would have fewer economic obstacles to impede them if the transition off public benefits could be made more gradual. Some might respond that there are other possible conclusions -- e.g., to cut benefits further so that public assistance will never be preferable to a job -- but as this report shows, public assistance is already seen as a bad alternative, one that any sensible person would escape if the means to escape were available.

Welfare Recipients Want Independence That Workfare Won't Provide

Workfare has been proposed as one means of providing AFDC recipients with experience while they still remain eligible for other benefits. So strong is the desire to work, so high the level of frustration with welfare, and so great the desire to "get off," that some of those interviewed said they would try it as long as it were a way into the job market.

In the end, though, a majority said "no" to working as a condition for receiving benefits. Their bottom line was exactly the same as that of the group that said they would try it -- would such a program lead to work? -- but their answer was different -- "no, it probably wouldn't" -- and their appraisal was that in the meantime it would actually shrink the size of their already inadequate benefits. **Most of all, they would still be dependent on a welfare check.**

It was interesting to hear the women at the group meeting consider whether such a plan would actually help them. They considered the chances for promotion from a workfare job into a regular job and decided that the chances were slight given the circumstances of the employment under workfare. They considered the likelihood that they would receive the same level of benefits but would have additional expenditures for child care and for transportation to the assigned place of work. "It costs money to work," one of them said. They then asked themselves how such a program would be better than public assistance and concluded that it would not be.

Those interviewed were more interested in the proposal if it included the possibility of -- in the order in which they were most commonly chosen -- child care, transportation, job training, a guaranteed job after participation, and help in finding a job. Even so, several said they "didn't want welfare in the first place" and this, by implication, was the same thing only "it wasn't worth it." Furthermore, they were very much aware of the dangers of encountering prejudice in the workplace against welfare workers. This kind of a job, they said, is "not a means of making us independent."

For Some, Work is Simply Not a Viable Option

Problems for many families and individuals can grow and multiply beyond their ability to cope, thereby wiping out their fragile support mechanisms and limited reserves. Under such circumstances even once economically stable families are forced to turn to welfare. This is especially true if illness or disability of a family member is one of the combination of setbacks. The problem is more serious if the breadwinner becomes ill.

One surprising result of this study was that so many of those interviewed were either disabled themselves or charged with caring for another member of the family who was ill. Although ten disabled people were selected on purpose for this study, more than twice that many reported that someone with whom they lived was "disabled, impaired or seriously ill." A majority of the respondents said that their health problems or those of a family member were the main obstacle to their working outside the home.

One 47-year-old woman who was interviewed for this study is nearly blind and suffers from a number of physical disorders. She lived for several years entirely on the support of relatives, but since 1983 she has depended for her sustenance on general assistance and food stamps -- total current benefits at $290 per month -- and for her medical care on Medicaid coverage.

Another 69-year-old woman had an accident in 1952 that seriously injured her hip and required 23 separate operations; two times she was in a body cast. While she is able to get around now with a cane and has been employed part time since 1978, there was a time in her life when she simply could not work. It took her five years after the accident to decide to apply for public benefits, but when she did, it was more than a matter of necessity. "I don't know how I managed," she said. "I know I have been so honest to God hungry 'till I have been too weak to get out of bed." She describes the experience of having been on welfare as "pure D-hell."

When bad luck strikes, as it seemed to have done to many of those interviewed, not only do they have less money with which to buy themselves out of a difficult situation, but they also seemed to have fewer reserves with which to work the situation to their advantage. It is not that they don't have good coping skills -- their coping skills seemed excellent as they describe stretching AFDC and food stamp benefits or a $10,000 per year salary to cover all their families basic needs for food and shelter, health care, and clothes. It may be that they just do not negotiate well with a system that they see as closing them out.

For example, one family of four in which the husband is a roofer and the wife a government maintenance worker suffered enormously when the husband fell and injured his back. He was in a body cast for six weeks, and his wife's life was so disrupted in her attempts to care for him and their two children that her own work attendance faltered and she finally quit in the face of repeated criticism from her supervisor. The sudden loss of income in turn caused them to lose their apartment. The family went on welfare and lived with a succession of relatives and friends. Finally, temporary accommodations exhausted, she turned to a shelter for homeless families where she and her two children were expected to check out in the morning even if they would be returning that same night. She had to carry most of their belongings with her as she continued to look for a job and an apartment. After two months of this life she managed to get an apartment and she now has a job that pays at about the poverty level; her husband is working sporadically as well, so she feels they are finally getting their lives back together.

In this case and in others collected as part of this study, the story would have been different if the individuals involved had not been near or in poverty, but it also might have been different if they had the personal resources to bend events to their interest. **What is striking in these interviews is how vulnerable low income people are to the vicissitudes of fate and how useful it would have been if many of them had a place to go to receive good counsel about how to negotiate their way through what seemed to be an impossible situation. Personal support, in addition to cash support, but distinct from it, seem warranted to help people over these hurdles.**

Assistance Should Be Reliable, Predictable and Adequate

Whether for reasons of health or for reasons of child care (75 percent of the recipients of AFDC in the District of Columbia are children) or for other reasons, nearly three-quarters of those interviewed had been on AFDC or general assistance and on Medicaid or some time during their lives, though only a third are currently receiving benefits. More than one half have received food stamps. The survey asked people to evaluate the program with which they had experience and to suggest ways in which those programs might be improved.

What came across during these interviews was that low income people want at least three things from the programs designed to support them. They want adequate benefits, they want a measure of reliability and predictability from the benefit system, and they want to be treated with respect when they are forced to seek help.

Adequate Benefits

Those interviewed were highly ambivalent about the welfare system. When asked what was best about it, virtually all the responses focused on the "temporary support until you get on your feet." "At least it is something" as the common feeling. One young person said that when her parents separated, it put "food on the table and clothes on my back." But there was also an acute sense that what was given was barely enough to live on. "I pays the rent" and "It only lasts two or three weeks," many said. **In the scramble to make up the difference between the support received and the money needed to pay for food, housing, clothes, and other necessities, many had to give up the idea of having their own place, of being independent.**

Food stamps, too, were deemed inadequate. Two thirds of those surveyed had to supplement the amount of food they could buy with their stamps with trips to food banks and food pantries. One parent said that thanks to the free school breakfast and lunch programs, budgeting was a little easier in the fall, winter and spring, but that the task of budgeting was never easy. This concern was poignantly demonstrated when one mother interrupted her interview long enough to scold one of her five children for getting a glass of milk. It was four in the afternoon, but she reminded the child that he had already had some milk that morning.

Most of the low income people interviewed, when asked for ideas to improve programs that serve them, said they thought benefits levels should be increased for AFDC, food stamps and general assistance. Some had particular suggestions -- for example, that food stamp allotments be increased for families in which someone has a physical condition that requires a special diet, that eligibility be expanded to include more single working parents, that the size of allotments be better keyed to the cost of living.

If the clear consensus was that AFDC/general assistance and food stamp benefits were inadequate, **almost everyone thought that Medicaid was a good program.** Many could think of no criticisms to offer. Nearly half said they could not get necessary medical care without it. While some said it would be good to make dental coverage available for adults, most were pleased with the coverage it provides, including the costs of medication, ambulance and transportation, and pediatric care. A few indicated that they "never had to use it but are glad it is there."

The attitude toward public support for housing was also positive -- those who received such assistance said they appreciated having affordable rents. The biggest complaint about public housing came from those who needed it but were either turned down, never received a response to an application or, in the case of nine of the respondents, had been put on a waiting list.

Reliability

Adequacy of benefits was an important concern, but there were many others as well having to do with the administration of the welfare program. Low income people in this sample wanted to be able to count on receiving a certain amount of money each month under AFDC/GA, but what they were faced with was constant uncertainty about whether that support would actually materialize. **Many complained that checks were often late, that deductions in the amount of the checks were made without prior notification, that the whole tone of the welfare office was one of a "combat zone."**

Food stamps, too, because allotments are sensitive to fluctuations in income, can, for those who may be working part of the time, be subject to variations. As noted above, once food stamp eligibility has been lost, re-certification is a long and taxing process. "One nice thing (about Medicaid)," one mother observed, is that in contrast to the other programs "you are automatically eligible when you qualify for AFDC." Medicaid's high approval rating may flow as much from this sense of security and reliability as from the sense that its benefits are generally adequate.

One of the people interviewed suggested that public assistance and food stamp eligibility should be automatic upon expiration of unemployment benefits. Others suggested greater overlap between public assistance and more service-oriented programs. Both these suggestions seemed to be aimed at making the system more easily and reliably accessible.

Respondents were also asked about their participation in the major federally funded income support and entitlement programs. The 14 who had experience with Social Security, Medicare, SSI, or Veterans Benefits had positive things to say about these programs and few criticisms. Interestingly, when asked to rank the importance of programs to "the poor" in general, "one of the most frequently mentioned programs was Social Security retirement even though most respondents did not themselves rely upon it.

The difference between relative dissatisfaction with the AFDC/GA or food stamp programs and relative satisfaction with the important social insurance programs is not easy to explain. It may have to do in part with the pressure exacted on the AFDC/GA and food stamp programs by the extensive eligibility and documentation requirements written into recent legislation. Requirements have grown in recent years with the attempt to pare the rolls and they now include such rules as monthly income reports. The result may be that recipients associate a kind of insecurity and even stigma with the welfare program that they do not associate with the federally administered social insurance programs. For example, Social Security retirement is widely thought of as being "earned" in a way that welfare benefits, although entitlements, are not.

The difference may, on the other hand, simply reflect the relative quality of state welfare administration -- the quality of staff recruitment and training and the level of support available -- which may vary enormously from state to state. The District of Columbia welfare system has, in recent years, come under heavy criticism from the press, as well as from advocates of the poor, for the insensitivity and unresponsiveness of its bureaucracy.

Respect

Certainly one big complaint about the welfare system in the District of Columbia was that a trip to the welfare office is an ordeal. Even though appointments are mandatory, respondents said they usually had to wait for hours to see a caseworker and that when they finally succeeded in doing so the caseworkers were unpleasant; several respondents said they were rude. Some of the criticisms seemed to be a commentary on the extensive rules that govern the program -- several of those interviewed complained that the caseworkers asked too many questions and required too much documentation -- but other criticisms seemed to arise from the lack of respect with which people felt they were treated. Several said they thought caseworkers stigmatize people on welfare; others that people are never told of their rights. One person said that caseworkers acted as though they were giving out money from their own pockets. Another summed it up: "too much hassle for a little bit of money."

Respondents who had experience with the Section 8 program found the counselors there to be generally helpful and supportive, willing to work with them to improve their housing situation.

Those interviewed generally reported having to turn to income support programs under stressful situations -- the loss of a job or a partner, homelessness, mental or physical illness. Under those circumstances, low income people seemed to need more than just a check. Supportive counseling -- help finding a job or a place to live, for example -- seemed to be a missing ingredient in many offices, certainly in the welfare office. Low income people had a more favorable impression of programs where they felt caseworkers or counselors were trying to help them.

When asked for suggestions to improve these programs, respondents tended to offer ideas that would give them more access to information: providing counseling to welfare recipients that would inform them about employment and training alternatives to welfare; notifying people of other sources of assistance when they apply for welfare; posting the hours and locations of food banks in welfare offices so people can know where to go if they are denied help or need to supplement current assistance; teaching recipients how to budget, teaching them basic life skills; reducing the time between application and determination of eligibility; improving outreach to those who need assistance. With more information, comes a sense of dignity and of control that is otherwise lacking in a system where everybody else seems to have the answers.

Most Benefit from an Array of Social Service Programs

Most of those interviewed said they were helped by federally funded services intended to help disadvantaged people. One important reason for their positive feeling may be that these programs are seen as focused on people in need rather than on cases and regulations. The vast majority of respondents have used many of the 21 services included on the survey, but only 10 came up with any criticisms, many of them concerning training programs. Services ranged from Head Start to meals on wheels, from maternal child health and WIC to Summer Youth Employment and legal services.

The most often used social services provided food or health care. Over half the group had participated in a food distribution service and in the free school lunch program. And nearly that many reported visiting a free health clinic.

A striking finding is the extent to which males in this sample, especially those under 25, seemed not to be participating in social service programs. The vast majority of female respondents under 25 or members of their families, have used either a health clinic or a food distribution service and many have used both. But fewer than half the males of the same age have been to a health clinic and only a scattering have received food from distribution centers. This difference may be attributable to the fact that most of the female respondents in this age group had dependents, but it may also indicate a problem in outreach to men. One possible explanation is that public policy and in turn public services -- with the exception of summer youth employment -- tend to ignore males until problems such as drug abuse and crime arise.

Conclusion

Although reliance upon government help and criticisms of how it is often given dominates much of the findings, this should not obscure the responsibility that low income persons surveyed place upon themselves. On the one hand, hardly any cast blame on "the system." Very few saw themselves as victims of discrimination. Only one blamed the economy and loss of industrial jobs overseas. On the other hand, some welfare recipients viewed themselves as physically unattractive to employers. Others certainly thought their education and skills were deficient. But perhaps most poignant, was the responsibility that young persons placed on their own shoulders to get an education and a job even though they were receiving little, if any, help from families overburdened by problems of survival.

Bridges of support at critical junctures in a person's life would enable many low income people to capitalize on this spirit of independence and self-reliance.

EMERGENCY ALLIANCE FOR HOMELESS FAMILIES AND CHILDREN

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TESTIMONY BY

THE EMERGENCY ALLIANCE FOR HOMELESS FAMILIES AND CHILDREN

The Emergency Alliance for Homeless Families and Children is a consortium of over 70 organizations and individuals interested in improving the living conditions of over 4200 homeless families in New York City. Because over 11,000 children are currently sheltered in squalid shelters and hotels, we urge the passage of H.R. 4938, which would allow the emergency assistance component of the Aid to Families With Dependent Children Program to be used to construct decent temporary housing for homeless families.

The atrocities confronted by homeless families in the City's shelter system have been well documented. The exorbitant cost of this system (fees paid to profit-motivated hotel owners) also has been documented and this fiscal year is expected to soar above $159 million. H.R. 4938 would allow the City to redirect these funds to build facilities which are used during the homeless crisis as temporary housing and in the future, can easily be converted to permanent housing. Shelters must be designed as apartment-style facilities, in order for shelter development to be an investment to the City of New York.

The Emergency Alliance also supports the passaage of H.R. 5080. The provisions of this bill would allow for emergency funds of the AFDC Program to be used for the development of permanent, low-income housing. The production of low-income housing is the solution to the homeless crisis. Unless such development returns to our communities, the demand for shelters will increase. Federal subsidies must be made available for this purpose. H.R. 5080 will provide an incentive to localities to build low-income housing. We strongly recommend its passage, too, as a realistic solution to homelessness.

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COMMITTEE MEMBERSHIP
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Corporations, Authorities and Utilities
Education
Judiciary
Real Property Taxation
Task Force on Crime Victims

TESTIMONY OF NEW YORK STATE ASSEMBLYMAN DANIEL FELDMAN BEFORE THE U.S. HOUSE OF REPRESENTATIVES SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION OF THE COMMITTEE ON WAYS AND MEANS

Good morning Mr. Chairman and members of the Subcommittee:

My name is Jean Safonoff, and I am speaking on behalf of Assemblyman Daniel L. Feldman who is unable to testify himself due to a special legislative session in Albany. His testimony is as follows:

My name is Daniel Feldman and I represent the 45th Assembly District in the New York State Legislature. Thank you for this opportunity to address the subcommittee regarding the legislation to allow the use of Emergency Assistance Funds for the acquisition of temporary and permanent housing for homeless families.

This has been a subject of particular interest to me for several years because with the assistance of Congressman Charles Schumer and other local officials, I have sought to relocate homeless families from the Bayview Hotel, a welfare hotel in my district, to permanent and better quality housing. However, present law actually prohibits federal assistance for construction of affordable permanent housing and only allows emergency funds to be used for temporary residences like the Bayview, which are not only extremely expensive -- sometimes costing in excess of $36,000 a year for a single hotel room -- but also unsuitable environments to raise a family.

Therefore, during 1985 I urged New York City officials to seek a change in the law. In January of 1986, when I approached Congressman Charles Schumer on this issue suggesting a possible long-term solution, he reacted with enthusiasm, as he was well aware of the need for a logical plan to accommodate the housing needs of the homeless population. The senselessness of the current situation, in which millions of dollars of government funds are used to finance hotel slums in New York City and across America, is apparent.

Hence, the Schumer bill, amending the Social Security Act, would permit cities and states to receive AFDC Emergency Assistance funds in an up-front grant to be utilized for the construction or rehabilitation of permanent, low-income housing for the homeless, subject to certain conditions. The amount of the grant would be limited to the costs of housing a family in a welfare hotel for one year. As a condition of receiving assistance, the cities and states would have to submit a plan for ending the use of its most expensive hotels as units assisted with AFD/housing grants become available as permanent housing. Finally, before receiving a grant, the city and state would have to demonstrate that the use of the grant to construct permanent housing will reduce their total AFDC costs over a five-year period. Given the cost of the welfare hotels, it is a virtual certainty that savings would result.

The time to change the system is now through the enactment of the Schumer bill, focusing on a long-term solution, and the Weiss bill providing short-term assistance for the purchase, construction, and renovation of adequate emergency shelters for families. Otherwise, without the establishment of this sound and humane housing policy, the costs of the present system will continue to multiply with deteriorating quality.

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

ALEXANDER B. PETE GRANNIS
65TH ASSEMBLY DISTRICT
NEW YORK COUNTY

CHAIRMAN
COMMITTEE ON HOUSING

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ALBANY, NEW YORK 12248
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JAN 8 1987

January 5, 1987

Charles E. Schumer
126 Cannon Building
Washington, D.C. 20515

Dear ~~Congressman~~ Chuck Schumer:

I am writing to you regarding your bill H.R. 5080 which would allow EAF payments to be used for the construction or rehabilitation of permanent housing for the homeless. While I was unable to testify at the hearing the Subcommittee on Public Assistance and Unemployment Compensation held on this bill in New York City, I did want to express my support of this bill and offer my comments to you.

As Chairman of the New York State Assembly Committee on Housing, I have witnessed the dramatic growth in the homeless population in New York City and throughout the state. In 1983, New York City sheltered 4550 singles and 1700 families; last year New York City sheltered 9300 singles and 4200 families; and by 1988 New York City estimates that these populations will grow to 11,000 and 6000 respectively. (Attached for your review are charts detailing the growth in the homeless population in New York City and the cost of sheltering this population during the last four years.)

Given this flood of people into our shelter system, I believe that we must begin to set policies which address the needs of the homeless in a more comprehensive and long range manner. Specifically, I believe that we must initiate policies on three levels - first, we must shelter those people who are presently homeless; second, we must provide permanent housing for such persons; and third, we must prevent people from becoming homeless in the first place. Enactment of H.R. 5080 would be a positive step in this direction. By allowing EAF payments to be used for the construction or rehabilitation of permanent housing for the homeless as well as for emergency housing, this bill would ensure that both the short term and long term needs of the homeless would be met.

In addition to providing funds for temporary shelter and permanent housing, I would urge that you consider incorporating another provision in your bill which would encourage efforts to prevent people from becoming homeless. Section 416(b)(5) in your bill requires that over a five year period, the total cost to the

Federal Government of EAF payments for permanent housing, EAF payments for emergency housing, and the regular AFDC payments be lower as a result of using EAF funds for permanent housing. I suggest that, as another option under this provision of the bill, that the EAF payments for permanent housing be conditioned upon a mandated housing plan from the states which outlines specific housing preservation efforts which would prevent people from becoming homeless.

New York State currently has no comprehensive housing policy despite the housing crisis we are faced with. We are confronting a housing gap of over a million units, substandard housing units which total 900,000 and over 100,000 families living in doubled up conditions. In fact, New York City's Human Resources Administration estimates that 60% of those families entering the welfare hotels enter as a result of eviction by the primary tenant in a doubled up living situation, which means that for the vast majority of families becoming homeless, one of the last two housing accommodations they resided in was an apartment they maintained themselves.

Housing plans which include, for example, better housing code enforcement measures, anti-warehousing measures, anti-demolition measures, prohibitions against evictions without just cause and rent subsidy programs would all attack the problems of the homeless in a much more basic way - by ensuring that people remain in their homes. Maintaining and preserving the adequacy, availability and affordability of our existing housing would greatly aid the large number of people hovering on the brink of homelessness and stem the tide of people becoming homeless in the first place.

If we are ever to get a handle on the homeless problem, we will first have to care for those who are already homeless and then prevent people from becoming homeless. Your bill, H.R. 5080, would address that first immediate need; mandated housing preservation plans would address the latter. I hope you will consider requiring such housing preservation plans. While states cannot provide a cost savings figure for a housing preservation plan, we all know that the cost of not preserving our existing housing has proven to be too great.

I look forward to your thoughts on this.

Sincerely,

Alexander B. Grannis

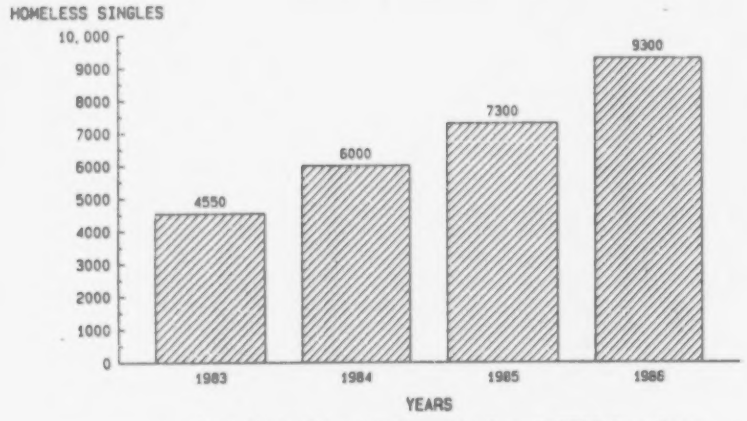
Alexander B. Grannis
Member of Assembly

cc: Honorable Harold Ford
Joseph K. Dowley

THE HOMELESS SINGLES PROBLEM:

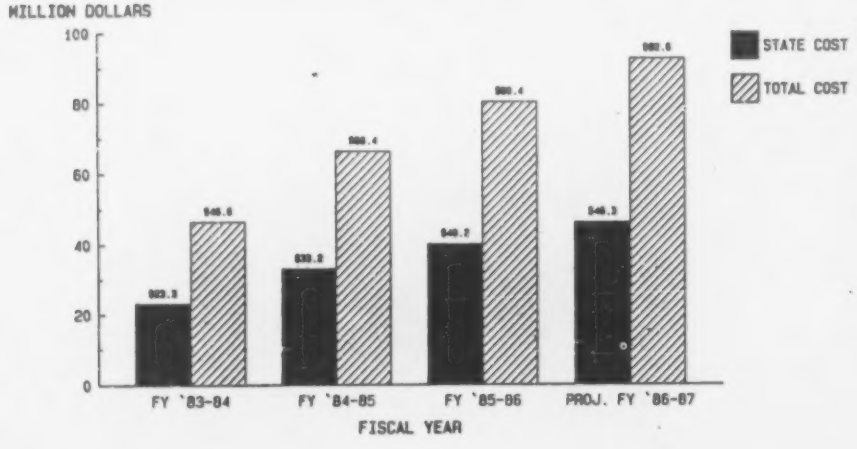
NO END IN SIGHT?

NUMBER OF HOMELESS SINGLES IN NEW YORK CITY
(PEAK SINGLE NIGHT FIGURE)



(New York City sheltered almost 9500 homeless adults in 1937, the height of the Great Depression)

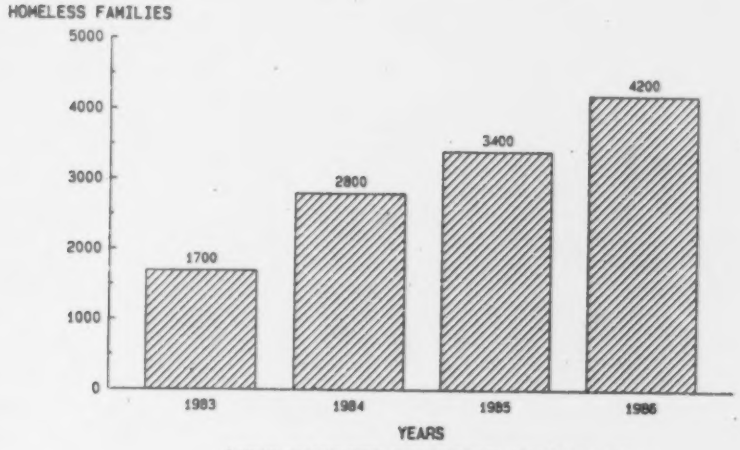
COST OF EMERGENCY SHELTER PROGRAM FOR
HOMELESS SINGLE ADULTS IN NEW YORK CITY



THE HOMELESS FAMILIES PROBLEM:

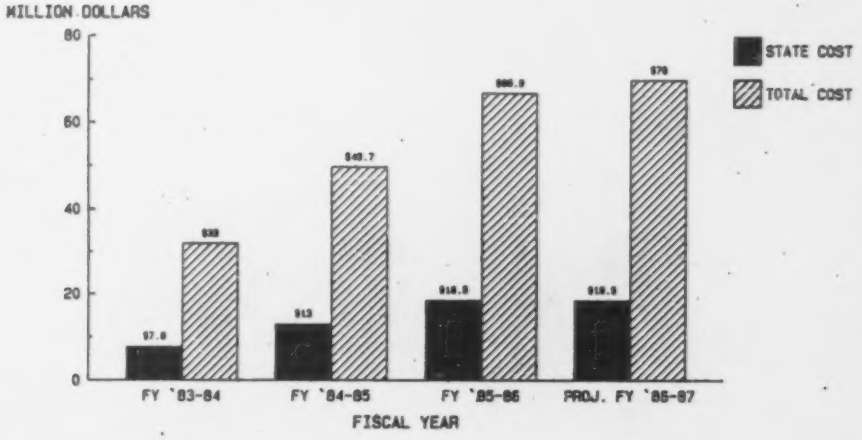
NO END IN SIGHT?

NUMBER OF HOMELESS FAMILIES IN NEW YORK CITY
(PEAK SINGLE NIGHT FIGURE)



(4200 FAMILIES REPRESENT APPROXIMATELY
15,000 INDIVIDUALS)

COST OF EMERGENCY WELFARE HOTELS FOR
HOMELESS FAMILIES IN NEW YORK CITY



FROM THE OFFICE OF

Senator Daniel Patrick Moynihan

New York

FOR IMMEDIATE RELEASE
Friday, December 12, 1986

Contact: Paul Browne
202/224-4451

Statement by Sen. Daniel Patrick Moynihan
on Ways and Means Committee New York Hearing on Homeless

The facts bespeak themselves. New York City alone houses 4,500 families -- more than 16,000 men, women and children, at a cost ranging from $16,315 to $36,500 per family. And the problems of the homeless show no sign of abatement.

Yet like every other city in this Nation, New York receives little federal support for the responsibility of sheltering its homeless residents. Worse, current federal law actually prevents the use of federal funds for the construction of permanent housing for homeless families.

In the 99th Congress, Rep. Charles Schumer (D.-N.Y.) and I introduced legislation that would allow cities to spend federal Emergency Assistance funds for the construction or rehabilitation of permanent housing. Rep. Ted Weiss (D.-N.Y.) proposed similar legislation that would allow the use of such funds for transitional housing. In any case, instead of subsidizing hotel landlords, the federal government will begin to work compassionately and cost-effectively for needy families.

But more than laws are needed. Cooperation between public and private sectors, including private industry and community-based organizations, is essential.

When the 100th Congress opens, I will support these legislative efforts, as chairman, in the Subcommittee on Social Security and Family Policy. The needs of our homeless continue to increase. So must our efforts for solutions.

STATEMENT OF ANN R. LOEB, ASSISTANT DIRECTOR, SETTLEMENT HOUSING FUND, NEW YORK, NY

I am Ann R. Loeb, Assistant Director of the Settlement Housing Fund—a not-for-profit housing development corporation established in 1969 by United Neighborhood Houses of New York City. We have produced over 4200 units of housing for low and moderate income people in partnership with locally based community groups. Today I am also representing the New York Housing Conference.

Currently Settlement Housing Fund is involved in the construction or rehabilitation of about 1100 units of family housing, located in four of the five boroughs of New York City. All of the projects have some kind of government assistance to achieve below market rents. One hundred and nine (109) units are for the elderly funded under the Federal 202 program. Unfortunately, of the remaining 1000 units, only 264 will have rents affordable to public assistance recipients or low income working families and only 6 units are permanent units. The remaining 258 are transitional apartments for homeless families, where rents are subsidized under the Emergency Aid to Homeless Families program with the Federal government providing 50% of the cost, the State and local governments each providing 25%. These transitional facilities will provide self contained apartments plus a full complement of social services to families now residing in substandard hotel rooms and barrack style shelters. We recognize the virtues of transitional housing for families with serious financial, psychological or social problems; however it is the search for a financing mechanism that would allow us to create permanent housing for homeless families, public assistance recipients and the working poor that is consuming the City's housing advocates.

Service providers and journalists describe daily the horrors of homelessness, the overcrowding, drugs, disease, child abuse and neglect. The count is now over 4500 families. In addition, approximately 150,000 are doubled up in precarious arrangements that can only lead to more homelessness. A typical homeless family is a young mother with one to three children who was living with her family until the strain of additional offspring forced her out. In a City with a 2% vacancy rate there is little chance for her to find her own apartment. If she goes on welfare she will have approximately $253.00 as a basic grant plus $270.00 for rent (assuming a family of four). We estimate that $270.00 per month could sustain a 2 bedroom apartment providing it has been fully renovated, that it had no debt service, no real estate taxes, no run away insurance cost, no major repairs and a not-for-profit owner.

H.R. 5080 would increase the chances of successfully operating such a building by offering Federal assistance in NYC of up to $27,000 per unit to rehabilitate housing for AFDC families. I see these funds being leveraged by State and local funds in a ratio of 40% Federal, 60% State and local to meet almost exactly the per unit development cost of the City's in-rem stock. We give our full support to this bill as a laudable and constructive means of maximizing the emergency assistance funds to meet long term needs.

H.R. 4838 also deserves support as it gives the City greater flexibility in providing short term housing alternatives and speeds the exodus from the hotels. I would join other groups requesting that the bill be amended to permit Federal mortgage insurance to be extended to transitional housing.

New York State and New York City are attempting to respond to the housing crisis in our City by developing a 10 year $4.2 billion housing program. Housing advocates are pressing for an increase in the shelter allowance. With the Federal government's renewed commitment to low income housing, we finally have an opportunity to make a serious assault on homelessness.

Written Statement for the Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means of the United States House of Representatives

Submitted by
Leanne G. Rivlin (Professor) and Josephine Imbimbo
City University of New York Graduate School

As environmental psychologists who have been involved in research on the homeless both in New York City (Rivlin, 1986) and in Texas (Imbimbo, 1985) we would like to offer strong support for the legislation proposed to use Emergency Assistance Funds for alternatives to accommodations in large shelters and hotels. In taking this position we would like to address some critical issues concerning the experience of homelessness, issues that fail to be considered in discussions of this serious problem.

The Unhealthy Qualities of Shelters and Welfare Hotels

There are sound reasons why large shelters and so-called "welfare hotels" are unhealthy environments for anyone, especially children. It is easy to recognize the physical dangers posed by these settings -- the poor quality of the living conditions, the crowded, filthy and unrepaired rooms, the threats posed by the presence of drug dealers, pimps and prostitutes, the absence of safe play areas and the difficulties in obtaining access to schools and social services. Parents face tremendous financial and physical problems in providing adequate meals when all that is available in the rooms is a single and illegal hot plate. Typically there is no refrigerator (which is suppose to be provided) nor adequate storage space. Families are forced to purchase overpriced prepared meals in local restaurants escalating food costs beyond what their budget can tolerate. The surrounding streets are often hostile, lacking the amenities needed in an area with many children. Forced to play on the streets in the absence of secure play areas, the children face dangers from the heavy traffic and the illegal activities such as drug dealing and prostitution that is commonplace in these areas. The huge congregate shelters are equally unhealthy with the close proximity of many families, the easy spread of infection, food provided that may be unfamiliar and unappetizing to children, and the tremendous difficulties parents have of keeping their children comfortable and secure from the physical threats of others.

It is critical to recognize that the dangers posed by these settings go far beyond the risks of physical injury and illness. These places threaten the proper development of children as well as the well-being of their parents, leaving psychological scars that are likely to remain part of them, forever.

Psychological Significance of the Home

Environments that we inhabit over the years, especially the home, in addition to the people who surround us, help to define who we are to ourselves, what we can do and be in the world -- our identity as individuals. The development of a sense of identity is one of the major tasks of childhood (see, for example, Erikson, 1963). Since all socialization is context-bound, the setting becomes a critical component of forming a sense of individuality and competence, the formation of a sense of identity. This process draws on very early experiences as children begin to recognize themselves as separate from the world, as they test their powers. All of this is grounded in the surrounding. The environments that children occupy are part of the psychological process of differentiation as well as their socialization into the world and the home environment figures most prominently in these experiences. Both the settings and objects within them are thus components of growth and development, interacting with social contacts.

There is little doubt that early experiences of home are important influences on individual personalities and capacities. One aspect of their importance can be seen in the attachments people develop to places, the impacts of losing a home or moving (Fried, 1963; Marris, 1975). This place attachment or rootedness does not depend on the quality of the setting. The attachments to slums are no less powerful than to modest or affluent

places (Fried, 1963). A number of researchers have uncovered the significance of familiar environments across a person's lifetime (see, for example, Cooper-Marcus, 1978a, b; Hester, 1978; Horwitz & Tognoli, 1982; Rowles (1978).

The Loss of a Home

The loss of a home is a powerful and painful experience, whatever the housing quality, especially for those populations least in control of their futures, such as, the poor, the elderly, the physically and mentally disabled and children. Whether we examine Robert Coles (1970) descriptions of disrupted lives of periodically homeless persons, the migrant workers and their children, or the many problems of children living in shelters (Bassuk, 1985) we see evidence of the serious psychological consequences of not having a stable, regular home.

There are at least two aspects to the loss of a home. First, the disruption of the normal activities of life -- meals, sleeping, socializing, schooling, working -- all represent significant losses. When we examine the lives of children in shelters and welfare hotels the consequences of this disruption become clearer. Not only do they face the physical dangers cited earlier, they face a daily existence in which private activities such as sleeping, toileting and eating enter the public realm, where play no longer can be spontaneous or in appropriate places and where schooling may or may not be a regular part of their lives. Local schools frequently are reluctant to accept children from shelters or welfare hotels and the result is either no schooling or having children bused long distances to schools with low censuses, places that cannot resist accepting them. In fewer cases children travel to their old schools, often a long journey from one part of the city to another which may have to be supervised by a parent. It is a process creating much concern and difficulties for parents.

The second aspect of loss of a home relates to the psychological significance of a home, discussed earlier. Beyond the inconvenience and the dangers of lost days of schooling is the labelling that people in shelters and hotels now bear. When homeless children enter a school system they carry the identity of homelessness. Often they are called "hotel children" by their classmates, a stigma that has profound implications for a homeless child's own sense of self-worth. Since residence in the welfare hotel is likely to extend well over a year in the face of the lack of low-cost housing, this discrimination and the label of homelessness has long term significance for the psychological development of the child.

Along with a loss of a living place there is loss of a familiar community, of familiar people who are significant to the lives of both children and adults. Fried (1963) has described a process of "grieving for a lost home" by the uprooted residents of the West End of Boston when slum clearance projects relocated them. This grief was expressed in severe depression or other disturbances. In the words of one resident, "It was like a piece being taken from me" (Fried, 1963).

The process of moving, even voluntary relocation, is disruptive, upsetting and stressful (Marris, 1975; Rossi, 1980; Shumaker & Stokols, 1982). For the family uprooted by fire or eviction, the stress is multiplied. What is sorely needed is the rapid relocation of homeless persons to permanent homes. Erikson (1976) found transitional housing to be a major deterrent in the recovery of relocated victims of a disastrous floor. The temporary and transitional measures for the homeless now set in place are becoming too permanent. They must be replaced by a system that identifies alternative homes (not shelters or hotels) as quickly as possible. The costs in the physical and psychological well-being of thousands of children and adults is too great to continue to risk. We need measures that restore housing to those who have lost it before serious and more costly damage ensues. The use of shelters and hotels has created problems rather than alleviated them. Funding must be directed toward renovation of abandoned and substandard housing and new building in an effort to provide the permanent residences now sorely needed.

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STATEMENT OF CLAIRE SHULMAN, PRESIDENT, BOROUGH OF QUEENS, NEW YORK, NY

Congressman Schumer, members of the committee, concerned citizens—thank you for offering me the opportunity to express my strong support for H.R. 5080, which would make an important contribution to our nationwide effort to provide housing for people who are currently without a home.

The issue of homelessness reaches every corner of our Nation. It touches every segment of our population, black and white, young and old. Indeed, more than half of New York City's homeless population are children, clearly our society's most vulnerable members.

We all share the frustration recently articulated by President Reagan when he was asked about the plight of the homeless. He noted that in New York City, families are sheltered in welfare hotels for $37,000, and he wondered why long-term or permanent housing could not be provided for approximately the same cost.

Actually, the cost is in excess of $54,000 for some hotels. And what Mr. Reagan failed to point out is that Federal regulations are really what stand in the way of providing just the long term answer he suggested.

Current Federal regulations limit the use of emergency assistance funds (EAF) to emergency or temporary housing. Thus, it has been impossible for cities and States to utilize EAF dollars to construct permanent shelter for the homeless.

In Queens County, I have offered a proposal to build small clusters of decent housing for homeless families throughout the borough for less than the cost of housing these families in some of our welfare hotels.

Unfortunately, we cannot use EAF funds to do so. We must rely on local and State monies to pay for long-term housing.

The Federal Government must share the burden for providing adequate long-term or permanent housing for the homeless. Without question, H.R. 5080 would allow the Federal Government to do just that.

By permitting the use of EAF funds to construct permanent housing, H.R. 5080 would allow our cities and States to put an end to the use of privately-owned welfare hotels, whose conditions are generally inadequate, and which often are thrust onto communities that lack the necessary resources, especially schools, to support the influx of new residents.

In addition, the proposed legislation incorporates several safeguards which are essential to its success:

First, the majority of individuals and families who could be housed in EAF-funded shelter would be either AFDC eligible or currently residing in a temporary shelter or welfare hotel.

Second, permanent housing would be owned by either a city or State government or by a recognized non-profit organization, thus eliminating the profit motive for private owners of temporary shelters.

Third, the legislation would require that total AFDC costs be reduced over a five-year period.

And finally, H.R. 5080 would eliminate hotel or shelter accommodations as new permanent units become available.

The issue of homelessness is one of the most vexing problems facing our society. But H.R. 5080 gives us reason for hope. It represents a beginning in the process of ending the cycle of dependency and homelessness.

I have written to all of your colleagues in Congress, as well as to President Reagan, urging their support for this measure. I pledge my continued cooperation in the effort to pass this most important piece of legislation.

Thank you.

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